



OECD Public Governance Reviews

# Integrity in Political Finance in Greece



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## *Foreword*

Money in politics is a double-edged sword. It is a necessary component of the democratic process, enabling the expression of political views and interests. Yet, if the financing of political parties and election campaigns are not adequately regulated and monitored, money may also be a means for powerful special interests to exercise undue influence, and capture the policy process.

Over the past 25 years, there has been growing interest in political finance amongst international organisations, legislative bodies, civil society groups and academics. This period also saw the introduction of political finance regulations in many countries around the world. Indeed, virtually every country now regulates this area, although the scope and nature of that regulation differ from country to country.

There are a number of agreed principles about the goals to be achieved by regulating political finance. By contrast, the implementation of political finance laws has received less attention, and there is very little empirical research into the strengths and weaknesses of various operational approaches. Although sound legislation is vital for any robust political finance system, without effective implementation, the system may fall short.

In Greece, political party funding has recently come under scrutiny, as there have been several allegations concerning the misuse of political funding by senior politicians and political parties. Greece's National Anti-Corruption Action Plan (NACAP) identifies political financing as one of the key areas of reform and the government has made various efforts to adapt its legal framework. Nevertheless, challenges remain in effectively implementing some parts of the current legislation, and additional capacities are needed for a monitoring authority to ensure adequate compliance with existing regulations.

This report provides guidance for enhancing the Greek system of financing democracy. . It addresses the challenges in implementing political finance legislation and proposes tools to overcome them. Additionally, it reviews the existing legal framework, especially in relation to the provisions of private funding, information disclosure, oversight and law enforcement, and suggests a number of ways to make it more effective.

This report was prepared by the Public Sector Integrity Division of the OECD Directorate for Public Governance as part of the Greece-OECD Project on Technical Support for Anti-Corruption. Under the supervision of Sarah Dix, the work was led by Yukihiro Hamada and Lisa Klein with guidance from Julio Bacio Terracino. Angelos Binis provided key insights while Katerina Kanellou facilitated interviews with Greek stakeholders. Laura McDonald managed communications and editing. The text was edited by Julie Harris with inputs from Meral Gedik, and Alpha Zambou provided essential administrative support.

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## *Executive summary*

Money in politics is a double-edged sword. It is a necessary component of the democratic process, enabling the expression of political views and interests. Yet if the financing of political parties and election campaigns are not adequately regulated and monitored, money may also be a means for powerful special interests to exercise undue influence, and capture the policy process. This report provides practical advice to policymakers and officials responsible for implementing political finance systems, and then examines the specific case of Greece with reference to international standards and practices.

Until now, interest in political finance has largely focused on legislative frameworks and high-level international standards. As a result, there is a well-developed set of components that form the foundation for any political finance regulatory system as well as its key principles and international standards. These main components include funding supply, expenditures, transparency and how the rules are enforced. Together with their explanation, the first chapters of this report

present practical insights on how to develop a sound regulatory framework for party and election campaigning. It needs to provide clear guidance to those who ultimately will have to interpret and apply the law, be it political parties, the oversight body or the judiciary. Therefore, during the drafting phase its enforceability and potential shortcomings should be assessed. To achieve this, factors to consider include, for example, clarity of purpose. Articulating the purpose of the law helps lawmakers choose between conflicting objectives. Enforceability considerations include whether there are legal loopholes that will make it easy to circumvent the legislation and/or undermine its purpose; whether the legislative framework provides the necessary means to detect breaches of the law; and whether the oversight body has adequate statutory powers to detect/investigate allegations of non-compliance properly.

Although most countries already have laws and regulations on political financing, the implementation of these laws has received less attention, and there is limited empirical research on the strengths and weaknesses of various operational approaches. Besides good legislation that accords with international standards is vital for any robust political finance system, effective implementation is equally crucial. Chapter 4 of the report describes the prerequisites for implementing a political finance regulatory system. These include the creation of strong oversight institutions with sufficient independence and authority as well as well-articulated policies and objectives that help set expectations amongst internal and external stakeholders.

In order to contribute further to the anti-corruption debate and suggest ways to improve the regulation of funding of political parties and election campaigns in Greece, last chapter of this report reviews the existing legal framework in this country, especially in relation to the provisions of information disclosure, oversight and enforcement with reference to the *OECD Framework on Financing Democracy: Supporting Better Public Policies and Averting Policy Capture*.



Political party funding in Greece has come under scrutiny as there have been several corruption allegations concerning the misuse of political funding by senior politicians and political parties. In order to improve regulation of political finance, Greece has made efforts in recent years by strengthening its legal framework. However, implementation remains a challenge, particularly to ensure the transparency of donors and contributions, compliance and oversight of political party campaigning and spending, and timely sanctions. To this end, this report presents a number of practical recommendations for strengthening the integrity of political financing in Greece. In particular, a public database needs to be further developed to enable wider information disclosure in a user-friendly way, and for subsequent public scrutiny. The Audit Committee, which is the main supervisory body in Greece, may consider investing in online technologies to facilitate effective reviewing and auditing of the political financial reports. Finally, additional outreach to support political parties' internal capacity building and awareness-raising activities across the government and society would complement the holistic approach to fostering integrity in the political finance system.

## Chapter 1. Components of political finance regulatory systems

*Regulation of political financing can encompass a number of different elements depending on the complexity of the system. However there are four basic components that any political finance regulatory system needs to consider: (1) The supply side or the funding allocated by the State and income given by individuals and legal entities to political parties, (2) The demand side or the controls put in place to monitor expenditures of political parties, (3) transparency about where parties get their funding and how they spend it, and (4) the need for an effective oversight mechanism.*

The term **political finance** covers a broad area, but in this report, the term political finance encompasses both political party funding and campaign finance. **Party funding** includes the “costs of maintaining permanent offices; carrying out policy research; and engaging in political dialogue, voter registration and other regular functions of parties.”<sup>1</sup> **Campaign finance** refers to “all monetary and in-kind contributions and expenditures collected and incurred by candidates, their political parties or their supporters for election purposes.”<sup>2</sup>

There are four key components to any **political finance regulatory system** – sources of funding, expenditures, transparency and how the rules are enforced.<sup>3</sup> A number of publications provide detailed information about each of these components (see Annex B for a list). For our purposes, the following provides a summary of each one.

### 1.1. Controls on the supply of funding

There are two distinct sources of financing: funding allocated by the State (direct and indirect public funding) and income given by individuals and legal entities (private funding).

In many countries, public funds are provided to political parties and/or candidates. The support may consist of monetary subsidies (e.g. direct public funding) or of indirect support, such as access to services/state property without charge or at a reduced rate.<sup>4</sup> The level of public funding varies from country to country, but eligibility criteria are critical factors wherever public funding features. If the eligibility criteria are set very restrictive, they can make the establishment of new parties difficult. Conversely, inappropriately low eligibility criteria can serve as a lifeline to otherwise moribund parties. They also can encourage the creation of spurious parties whose founders are more attracted by the idea of securing public funds than by the idea of putting forth serious platforms. Criteria commonly used to determine state support include the number of votes obtained in the previous election, the level of representation in the elected body or the number of candidates put forward/number of constituencies contested.<sup>5</sup>

The question of whether to provide public funding before or after the election also needs to be addressed. The OSCE/ODHIR and the Venice Commission Guidelines on Political Party Regulation state:

*... careful consideration should be given to pre-election funding systems as opposed to post-election reimbursement which can often perpetuate the inability of small, new or poor parties to compete effectively. (OSCE/ODHIR and Venice Commission Guidelines on Political Party Regulation at paragraph: 184)<sup>6</sup>*

Private funding has been hailed as a means for parties and candidates to connect with the citizenry and to seek support in the form of monetary and in-kind donations.<sup>7</sup> As such, private funding can be viewed as a vehicle for citizen participation. The general forms of private funding are membership fees, contributions, loans and income-generating activities. In some countries, there may be restrictions on the sources of private funding. For example, in France, corporations are prohibited from donating, and in many countries, both foreign and anonymous donations are banned. In addition to outright bans, there may be limits imposed on the amount of allowable private donations. In some countries, the amount of funding any one donor may contribute may be limited. In others, the aggregate amount of donations a candidate or party can raise from private sources may be capped.

## 1.2. Controls on expenditure

If funding sources comprise the “supply side” of political finance, then controls on expenditure inform the “demand side”. These controls usually take the form of limits on campaign spending by parties, candidates and third parties (e.g. non-party campaigners) in the run-up to elections. Countries that impose spending limits have used different approaches to calculate the expenditure limit. Some set a specific absolute figure that does not vary, some calculate the limit based on the average monthly salary or minimum wage, and still others calculate the spending limit in conjunction with the number of voters or inhabitants in the electoral area.

Whatever approach is taken, the limit set must be reasonable. If it is set too high, it will have “no bite” and essentially be meaningless. If the limit is set too low, it may not allow for adequate electoral campaigning and could also tempt some contestants to circumvent the limit.

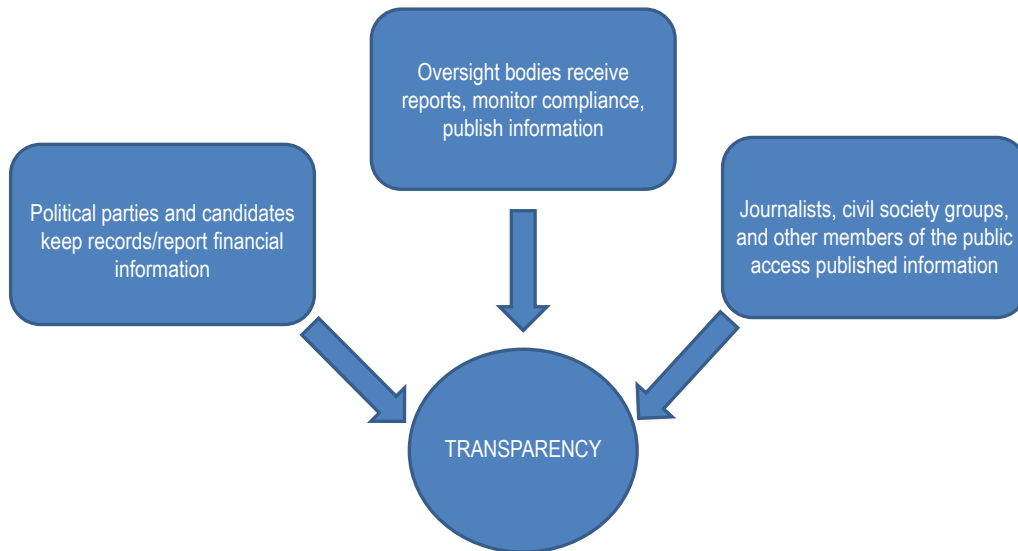
The law must clearly define the concept of electoral expense. This means that the types of activity covered must be clear and the length of the campaign (regulated) period specified in order to ensure the spending limit is effective. It is also important for there to be clarity about whose expenditures are subject to the limit - ideally limits should apply to all who are making election-related expenditure (e.g. political parties, candidates and non-party campaigners) although the limits need not all be set at the same level.

In addition to expenditure limits, some countries also include bans on certain types of spending. The most common are bans on the misuse of state resources, prohibitions on media advertising and vote-buying activities.

In most countries, there is a prohibition on the misuse of state resources for party political and partisan electoral purposes. In some states, the ban may be part of the electoral code or election finance legislation; elsewhere it may be part of anti-corruption, administrative and/or civil service legislation. The underpinning concept is that there should be “a clear separation between the state and political parties”.<sup>8</sup> When the requisite separation does not exist, and the power of incumbency is abused, we lose the fundamental lynchpin to democratic governance, namely, equal treatment and equal opportunity to compete in the electoral process.

## 1.3. Transparency rules

Transparency is a central consideration of any political finance regime: information about where parties and candidates get their money and how they spend it shines light into potentially murky waters that can breed suspicion and obscure corruptive transactions. Reporting and disclosure requirements vary from country to country<sup>9</sup> as do the approaches taken in implementing such requirements. The key elements, subject to country context, can be depicted as follows:

**Figure 1.1. Elements of transparency in political finance**

Transparency requires that reports are timely, detailed, comprehensive and comprehensible. There needs to be adequate information presented in a way that allows for meaningful oversight and compliance checking. At the same time, the needs of those having to comply with the reporting requirements must be considered. For example, the established deadlines should provide sufficient time to allow the reporting entity to assemble and confirm the information that must be submitted. Consideration must also be given to how much of the information reported to the oversight body will be made publicly available, when and in what format. Digital solutions may be used to help facilitate the entry, transmission and interrogation of the information that is to be reported.

The socio-legal-political context of each country influences all aspects of political finance regulation, but it is particularly evident in the area of reporting and publication of financial data. There may be constitutional constraints on what is to be reported to the oversight body or special regulations for electoral campaigns. For example, in France, Article 4 of the Constitution is interpreted to prohibit mandatory reporting of general party finance information to the oversight body. There may be other legislative enactments that come into play, such as data protection of personal information, which may prohibit publication of certain donor information. In other countries, electronic signatures may not yet be legally recognised (or may need specific authorisation), which then impacts on using the electronic database for the filing of required information. In the United Kingdom, the law foresees the publication of donations to political parties over a certain threshold. However, donations to political parties of Northern Ireland are exempt from disclosure because of safety concerns for donors arising from years of conflict in the country.

#### 1.4. Oversight and enforcement

The final component of any political finance regime is the need for an effective oversight mechanism. This means that there has to be an entity/entities that are tasked with

overseeing compliance with the law and that there are sanctions that apply in the case of non-compliance.

There are different models of oversight bodies in use around the world. Some countries assign the oversight function to the election management body, some vest this role in a governmental ministry. Other options include allocating the oversight remit to a court, a state audit agency or a specialised body. As discussed more fully below, the oversight body must be impartial, independent, and have adequate resources. Regardless of which entity shoulders the oversight responsibility, the oversight body needs to have the right powers, policies, people and procedures to do its job. And, importantly, it must have the political will to fulfil its remit.

Sanctions may range from administrative penalties, forfeiture, mandatory corrective action, loss of public funding, de-registration and/or criminal punishment. The purpose of sanctions should be to redress wrongdoing, punish the offender so that they do not benefit from their malfeasance and to deter future non-compliance. There is an international consensus that sanctions should be “effective, proportionate and dissuasive”.<sup>10</sup> Of course, it is not enough that legislation provides for such sanctions unless they are used and used in an objective and non-partisan manner. It thus is important to ensure there is “an effective means of redress against administrative decisions”, such as the imposition of sanctions.<sup>11</sup>

## Notes

<sup>1</sup>. See Ohman, Magnus (ed.) (2013), “Training in Detection and Enforcement (TIDE) Political Finance Oversight Handbook”, IFES, p. 8.

<sup>2</sup>. Unpublished paper authored by Barbara Jouan Stonestreet.

<sup>3</sup>. In addition to these key four components, political finance regulation often also addresses rules governing financial conditions for standing for public office (e.g. financial deposits and asset declaration by candidates) and laws prohibiting vote buying.

<sup>4</sup>. Approximately 60% of countries provide for some element of public funding. See IFES (2011), “Global Trends in the Regulation of Political Finance”, IFES Brazil 2011 Conference Paper, p. 3.

<sup>5</sup>. OECD (2016), *Financing Democracy: Funding of Political Parties and Election Campaigns and the Risk of Policy Capture*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264249455-en>, pp. 37-45.

<sup>6</sup> OSCE/ODHIR and Venice Commission Guidelines on Political Party Regulation at paragraph: 184

<sup>7</sup>. An in-kind donation is any form of goods or services provided for free or at below-market value.

<sup>8</sup>. See the Copenhagen Document at paragraph 5.

<sup>9</sup>. Regular reporting obligations on political party finances exist in 89% of European countries and in 86% of Asian countries. In 90% of European countries and 71% of Asian countries, the information reported is to be made public. See IDEA (International Institute for Democracy and Electoral Assistance) (2012), “Political Finance Regulations Around the World: An Overview of the International IDEA Database”, and the *IDEA Political Finance Database*, [www.idea.int/data-tools/data/political-finance-database](http://www.idea.int/data-tools/data/political-finance-database) (accessed on 16 August 2017).

<sup>10</sup>. See the Council of Europe Committee of Ministers Recommendation (2003)4, Article 16.

<sup>11</sup>. See the Copenhagen Agreement (1990) at 5.10.



## Chapter 2. Key principles and international standards

*Political finance regulation requires a balancing of competing rights and freedoms to ensure that the electoral process remains free and fair. The important question is where to draw the line between these rival interests. To assist in this task, it is important to identify the key principles that underpin political finance. The formulation of these principles might vary but is generally accepted that equality, transparency and accountability form the backbone of international standards on political finance. This section provides context and background for these key principles, highlighting relevant regulatory issues associated with them, identifying international standards and providing examples of commonly used approaches to ensure each of them are fully respected.*



Political finance regulation starts with the premise that political parties and candidates play a vital role in a democracy and need adequate funding to be effective. It is also essential to recognise that regulation in this sensitive area requires a balancing of fundamental rights and freedoms. On the one hand, international agreements not only establish the right to participate in public affairs and to vote,<sup>1</sup> they also recognise the right of association/assembly, the right of privacy and freedom of expression.<sup>2</sup> These rights and freedoms are central in the context of political and electoral discourse. On the other hand, some regulation or infringement of these fundamental rights and freedoms are tolerated to ensure that the electoral process remains free and fair. For example, freedom of expression would weigh in favour of not limiting the amount of money an individual can contribute in support of or in opposition to a particular candidate or party. However, to allow unlimited contributions could foster undue influence of wealthy donors and thus undermine the fairness of an election campaign. The important question then is where to draw the line between these competing interests.

To assist in this task, it is important to identify the key principles that underpin political finance. Second, regulation should enhance equality so that parties/candidates without significant financial resources can compete in the electoral process. Third, transparency is of utmost importance, or in the words of one US Supreme Court Justice, “Sunlight is said to be the best of disinfectants.” The fourth principle is accountability, which means that political actors need to be held accountable through effective oversight and sanctions.

The formulation of these principles varies<sup>3</sup> and is subject to seemingly endless academic debate, but in general they are universally accepted. Indeed, they form the backbone of international standards on political finance. The following chart provides context and background for these key principles. It highlights relevant regulatory issues associated with each principle, identifies international standards/other documented support and provides examples of commonly used approaches to address those issues.

**Table 2.1. Key principles underpinning political finance**

Principle	Associated regulatory issue	Key international/European standards	Approaches to issue
<b>Equality</b> <i>Sources of funding</i>	Public funding	CoE Committee of Ministers Rec (2003)4, Article 1: "The state should provide support to political parties. State support should be limited to reasonable contributions. State support may be financial. Objective, fair and reasonable criteria should be applied regarding the distribution of state support."  CoE (Venice Commission) Guidelines on the Financing of Political Parties, Paragraph XX: "In order, however, to ensure the equality of opportunities for the different political forces, public financing could also be extended to political bodies representing a significant section of the electoral body. The level of funding could be fixed by a legislator on a periodic basis, according to objective criteria."	•Fair criteria for calculating and allocating public funding •Gender equality regulations Minority regulation
	Private funding	CoE Committee of Ministers Rec (2003)4, Articles 3, 5, and 7: "States should ...consider the possibility of introducing rules limiting the value of donations to political parties... take measures aimed at limiting, prohibiting or otherwise strictly regulating donations from legal entities which provide goods or services from any public administration... prohibit legal entities under the control of the state or of other public authorities from making donations to political parties... specifically limit, prohibit or otherwise regulate donations from foreign donors."	•Qualitative regulations (ban on anonymous, foreign, corporate donations) •Quantitative regulations (limits on the amount given to candidates/ political parties)
<b>Equality</b> <i>Expenditure limitations and bans</i>	Spending caps and expenditure bans for campaigns	UN Human Rights Committee, General Comment 25 (1996): "Reasonable limitations on campaign expenditure may be justified where this is necessary to ensure the free choice of voters is not undermined or the democratic process distorted by the disproportionate expenditure on behalf of any candidate or party."  CoE Committee of Ministers Rec (2003)4, Article 9: "States should consider adopting measures to prevent excessive funding needs of political parties, such as establishing limits on expenditure on electoral campaigns."	•Specified limit on campaign expenditure by parties, candidates and non-party campaigners •Media spending restrictions Ban on some types of campaign expenditure
	Misuse of state resources	CoE Committee of Ministers Rec (2003)4, Article 2-3: "Equality of opportunity must be guaranteed for parties and candidates alike. This entails a neutral attitude by state authorities, in particular with regard to: the election campaign; coverage by the media, in particular by the publicly owned media; public funding of parties and campaigns."	•Prohibition of the use of state/ administrative resources during election campaigns (compelling staff to attend rallies, use of state facilities for campaign purposes, equal time required in news coverage)
<b>Transparency</b>	Recordkeeping and reporting	Parliamentary Assembly of the Coe Rec 1561(2001): "Financing of political parties must be fully transparent, which requires political parties, in particular, to keep strict accounts of all income and expenditure, which must be submitted, at least once a year, to an independent auditing authority and be made public."	•Accounting guidance and templates prescribed or made available •Appointment of person responsible for party/candidate finances (opening bank

Principle	Associated regulatory issue	Key international/European standards	Approaches to issue
<b>Accountability</b>		CoE Committee of Ministers Rec (2003)4, Article 12: "States should require political parties and entities connected with [them] to keep proper books and accounts."	account, maintaining accounts, filing reports, etc.) •Filing deadlines
	Disclosure	CoE Committee of Ministers Rec (2003)4, Article 12: "States should require political parties to present the accounts .... to the independent authority." UN Convention Against Corruption, Art.7.3.19 "Each State Party shall consider taking appropriate legislative and administrative measures...to enhance transparency in the funding of candidatures for elected public office and, where applicable, the funding of political parties."	•Duty to make information public •Deadlines for publication •Prescribing methods for disclosure
	Oversight	OSCE/ODIHR (Venice Commission) Guidelines on the Financing of Political Parties, Paragraph XX: "The transparency of electoral expenses should be achieved through the publication of campaign accounts." CoE Committee of Ministers Rec (2003)4, Articles 14: "States should provide for independent monitoring in respect of funding of political parties and electoral campaigns."	•Provisions guaranteeing independence of oversight body •Appointment process •Employment qualifications/restrictions •Adequate resources •Powers of oversight body
	Sanctions	OSCE/ODHIR (Venice Commission) Guidelines on the Financing of Political Parties at Paragraph 212: "[E]ffective measures should be taken...to ensure the body's independence from political pressure and commitment to impartiality." CoE Committee of Ministers Rec (2003)4, Articles 16: "States should require the infringement of rules...to be subject to effective, proportionate and dissuasive sanctions."	•Suite of sanctions •Sanctioning procedures •Right to appeal sanctioning decisions

## Notes

<sup>1</sup>. See the UN Human Rights Committee General Comment No. 25 and the Copenhagen Document (1990), Article 1.

<sup>2</sup>. See the Copenhagen Agreement (1990) at 9.3, 10.

<sup>3</sup>. For example, some experts/organisations refer to a “level playing field” rather than equality of opportunity. See, e.g. OECD (2016), *Financing Democracy: Funding of Political Parties and Election Campaigns and the Risk of Policy Capture*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264249455-en>. Others argue that level playing fields in politics are impossible to achieve and opt therefore for “equality of opportunity”. See, e.g. Ewing (2007), *The Cost of Democracy Party Funding in Modern British Politics*, Hart Publishing.



### Chapter 3. Developing a solid legislative framework

*There are several guiding factors to consider when designing a solid legislative framework for political finance. As this section explains, first, there must be clarity about what the legislation is designed to achieve. Second, any legislative proposal should be assessed for enforceability during the drafting phase. Third, it is important to highlight that political parties and candidates primarily exist to engage in the political and electoral process, and thus the regulatory regime should impose the least amount of burden on them whilst still achieving the defined regulatory goals.*

Very often an upcoming election contest or a major political scandal is the catalyst for enacting political finance reform. Neither is an inherently negative impetus, but both can easily overshadow and dislodge a more methodical approach to creating/modifying a political finance system. However, a methodical approach is exactly what is needed in order to produce a robust and workable regulatory regime. This is particularly true in political finance regulation arena because, unlike social programmes or other forms of economic regulation, party and campaign finance law sets the rules for gaining access to power. There are several guiding factors to consider when drafting legislation.

### 3.1. Clarity of purpose

There must be clarity about what the law is designed to achieve. If the goal is to ensure that political parties are well resourced, it might be appropriate, for example, to allow donors to make large donations and to set a high threshold for public disclosure of donations - the theory being that donors are more likely to contribute if their identities are shielded from public scrutiny. On the other hand, if the goal is to increase the level of transparency, a higher disclosure threshold would not deliver that objective. In short, clarity of purpose helps lawmakers choose between conflicting objectives. It also provides guidance to those who ultimately will have to construe and apply the law, be it political parties, the oversight body or the judiciary.

### 3.2. Enforceability

Any legislative proposal should be assessed for enforceability during the drafting phase. There are several aspects of enforceability to consider. The first is whether there are any **legal loopholes** that will make it easy to circumvent the legislation and/or undermine its purpose. Let's assume, for example, the legislative goal is to limit the influence associated with large donations. To achieve this goal, it would be insufficient simply to impose a cap on donations to political parties without also imposing a cap on donations to candidates. A donor otherwise could make unlimited donations lawfully to the party's candidates and defeat the purpose of the law. Another potential loophole with contribution limits arises when the law fails to include a broad definition of what constitutes a contribution. For example, if the law failed to include loans in the definition, nothing would prohibit donors from making large, unreportable loans to their preferred party. Finally, a donor who has contributed the statutory maximum may seek to give money to friends and relatives with the understanding that they, in turn, will make the donation to the desired recipient. To avoid this loophole, the law should explicitly prohibit the making of donations in the name of another person.

The second enforceability consideration is whether the legislative framework provides the necessary means to detect breaches of the law. For example, if there are limits on donations or expenditures, then donors and suppliers should be readily identifiable. The law should prescribe the information that must be recorded and reported. The level of detail required must be sufficient to allow the oversight body to confirm the identity and amounts involved in the transactions. For suppliers, it would make sense to know the identity, address, nature and quantity of goods supplied and their costs. For donations, the law could require, as it does in the United States, that the occupation and employer of donors be reported. This publication of such information has proven to be a fruitful evidential basis for detecting circumvention schemes.

A third enforceability consideration is whether the oversight body has adequate statutory powers to detect/investigate allegations of non-compliance properly. In countries where the oversight body is vested with the responsibility for detecting and/or investigating failures to comply with the law, it must be empowered to seek information from those with knowledge of what transpired. The law must also provide a remedy for the oversight body to use when responses to requests for information are not forthcoming. In some countries, the refusal to comply with informational requests are treated as criminal offences and handled by the state's prosecutor. An alternative and perhaps more effective route is to authorise the oversight body, itself, to seek enforcement through a judicial process.

### 3.3. Level of burden imposed by legislation

Political parties and candidates primarily exist to engage in the political and electoral process, and thus the regulatory regime should impose the least amount of burden on them whilst still achieving the defined regulatory goals. Regulations should be simple and understandable, so that they could provide incentives for parties to follow them, for example designing digital and standardised platforms for reporting political finance as UK case (see Box 5.5).

The level of detail to be reported for donations is a good example. In some countries, every donation of any size must be recorded in the party's books and then reported to the oversight body. In other countries, small donations are exempt from such requirements. This means that the identities of people giving small donations are not disclosed, which may incentivise some people to donate. In addition, the administrative burden on parties is reduced, as they don't have to keep an itemised record of the small donations. Similarly, some countries exempt parties with minimal financial transactions from having to submit annual accounts or from having their accounts independently audited.

The issue of burden also manifests itself in filing deadlines. Some campaign finance groups argue that parties should disclose their finances throughout the election campaign period. Others argue that such a requirement would not be meaningful, as invoices for services may not be rendered until after the election and because partial reporting during this peak period would be disproportionately burdensome.





## Chapter 4. Effective oversight: Implementing political finance regulation

*For effective oversight, there is no one-size-fits-all model when it comes to the implementation of a political finance regulatory framework. However there are good regulatory practices that apply or can be adapted to suit most country contexts. These include, for example, an independent oversight body with clear objectives and well-designed operational procedures, a set of dissuasive and enforceable sanctions, a constant appraisal of the system, and the provision of support to help political parties comply with the regulations and better understand political finance.*

The challenges in implementing political finance legislation are many, and their relative importance will depend upon the goals of regulatory option adopted, the country's electoral and governmental systems and its political context. However, there are good regulatory practices that apply or can be adapted to suit most situations.

#### 4.1. Defining overarching principles and objectives

Enabling legislation generally details the composition and appointment process for the oversight body members, and sets out the body's remit and powers. Such legislation is usually silent about **how** the oversight body will approach its work. It can be extremely helpful both internally and for external stakeholders for the oversight body to agree its guiding principles and objectives. Internally, the principles and objectives help guide decision making at all levels. They will help inform internal, administrative decisions such as where to focus the agency's resources and which activities will take priority. They also provide a frame of reference to support the agency in reaching positions on substantive issues. From an external perspective, an articulated set of principles and objectives helps set expectations and provides a basis for holding the body to account.

Although this sounds like an easy task, in reality, it can be challenging. The UK Electoral Commission was created as the country's political finance regulator with responsibility for setting standards for election administration (as opposed to actually administering elections). After much discussion, the Commission Board agreed and published the following principles for free elections that support a healthy democracy:

- **Trust:** People should be able to trust the way our elections and our political finance system work.
- **Participation:** It should be straightforward for people to participate in our elections and our political finance system, whether voting or campaigning, and people should be confident that their vote counts.
- **No undue influence:** There should be no undue influence in the way our elections and our political finance system work.<sup>1</sup>

The Commission Board then defined its objective for its political finance role as “transparency in party and election finance, with high levels of compliance”, and amplified it as follows:

*We want people throughout the United Kingdom to be confident that:*

- *There is transparency about party and election finance, so that people know where money comes from and how it is spent.*
- *People who want to stand for election, and people and organisations that want to campaign at elections, can easily find out how to get involved, what the rules are and what they need to do to comply with those rules.*
- *The rules on party and election finance are followed, and those who do not follow them are dealt with appropriately and effectively.<sup>2</sup>*
- *Political parties, candidates and campaigners can participate in elections without unnecessary barriers.*

## 4.2. Operational policy documents

One tool to help achieve consistency and impartiality is to have developed and published policies that the oversight body will follow in performing its functions. The operational policies might include:

- Document retention policy: What documents the regulator will retain and for how long.
- Disclosure policy: What information the regulator will disclose, to whom it will make such disclosure and when it will do so.
- Enforcement policy: Guidance on how the regulator fulfils its role and uses its powers.

These policies, which should be developed in consultation with stakeholders, help establish the “rules of the game” for both the oversight body and the regulated community. They also provide guidelines that can be used by civil society groups and parliamentary oversight committees in monitoring and holding the regulator to account.

An enforcement policy, for example, should set out the criteria for how the oversight body will handle instances of non-compliance. In Canada, the published policy explains that some cases are better handled through administrative measures. It sets out the guiding principles and criteria for channelling cases in this direction. The factors listed include: no adverse impact on the integrity and fair administration of the political finance regime; public censure not warranted; lack of intentionality by the party committing the violation; and no prior referral pending against by party for other breaches.<sup>3</sup>

The same principle applies to the sanctioning phase. Again, taking the Canadian approach as an example, referral for prosecution is usually reserved for the more serious cases. According to the published policy, the Commissioner will consider whether the administration of justice is best served by committing the level of resources required to have a prosecution. The decision to prosecute will also depend on the specific factors of the case, including whether:

- In view of the seriousness of the alleged offence and/or the conduct of the subject of the investigation, a prosecution would best maintain public confidence in the electoral system.
- The person who is the subject of the complaint is relatively sophisticated in respect of electoral matters.
- The allegations suggest the existence of a deliberate scheme rather than an isolated event.
- The person who is the subject of the complaint has a history of non-compliance with the provisions of the Act.
- There is a need for specific or general deterrence.<sup>4</sup>

Having well-considered operational policies help establish, from the outset, that the oversight body will be exercising discretion but in a structured way. And, where the oversight body takes decisions that are consistent with the articulated policy, it has a defence against allegations of impartial application of the law.

### 4.3. Work to written procedures

In addition to having broad operational policies as mentioned above, oversight bodies should have detailed procedures that guide staff in how they perform their work. The procedures should spell out what steps are to be taken, by whom, when and how. Adherence to the procedures should be internally audited.

Having such a system in place serves several purposes. First, it provides clarity to all staff as to what is expected. Second, it encourages continuous improvement as it encompasses a means to systematically identify and track proposed changes to current procedures. Third, such a system can increase the confidence of stakeholders that the regulator is operating consistently and impartially.

### 4.4. Defining work streams and appropriate staffing

There are a variety of activities or work streams that any political finance regulator should undertake in fulfilling its mandate. They include advisory services, publication of party financial information, monitoring or supervision activities, enforcement and policy work. For each relevant workstream, the oversight body will need to consider the type of staffing required, both in terms of number, experience and qualifications.<sup>5</sup>

#### 4.4.1. Advisory services

Detecting and addressing violations of the law may be considered as the primary function of the political finance regulator. However, the focus arguably should be on ensuring compliance with the law from the outset. This requires helping those who wish to comply with the law to do so and then holding those who fail to comply to account. Targeted and user-friendly guidance, training seminars and hotlines are types of advisory services used to help inform and educate those who are subject to regulation as well as other stakeholders such as the media, NGOs and the general public. The skillsets required include:

- the ability to translate legal requirements in layperson's language (both orally and in writing)
- good interpersonal skills to field questions from stakeholders with varying degrees of sophistication
- technical expertise in the substantive area of political finance
- drafting guidance materials
- training experience and ability.

#### 4.4.2. Publication of financial information

With transparency being a central component in virtually every political finance regulatory system, the way the financial data is made available has great importance. Advancements in information technology (IT) have revolutionised options for the reporting and publication of political finance information. Although some countries have e-filing systems in place and/or IT-enabled systems for internal purposes, there is an overall lack of information reported and published electronically in a format that enables the viewer to undertake systematic searches of published information. This undermines

the ability of the public, the media and civil society to analyse the operation of the legislation, monitor compliance with it and/or hold the regulator to account.

A well-designed IT system can make the reporting and publication easier for parties, candidates, oversight and enforcement bodies. The development and maintenance of such a system will require:

- IT expertise
- knowledge of legal framework and requirements
- ability to engage in consultation with all users (e.g. parties, media, CSOs and agency staff) to determine/address their needs
- ability to draft guidance for those who will use the system
- thorough understanding of desired outputs
- project management experience.

#### ***4.4.3. Monitoring compliance***

Monitoring compliance can encompass a variety of activities. It would include reminding political parties when reports are due, checking reports submitted for accuracy and querying problems with parties. It could also entail collecting data during the election campaign. The benefits of “real-time” monitoring range from incentivising good behaviour (the political entities know they are being monitored and thus may be deterred from under-reporting spending), providing an opportunity for the regulator to spot potentially improper behaviour that it can raise with the political entity before a violation actually occurs, and establishing an evidential basis against which to assess submitted reports.

The way real-time monitoring is structured and carried out is important. One approach is to cover all such activity on an equal basis. This requires significant resources, and the costs can outweigh the benefits. Good regulatory practice would be to undertake monitoring activity on the basis of robust risk assessment. This requires the regulator to develop and implement a risk assessment policy whereby it identifies the areas that most warrant attention. These might be substantive areas, (e.g. the potential for under-reporting of a specific type of expenditure or potential types of misuse of state resources) or the policy might be geared to which types of parties warrant more support. For example, certain parties may be rated as warranting greater support and attention because of factors such as size, the significance of their resources or turnover of key staff.

The skills required for monitoring compliance include:

- ability to liaise with political parties to address queries about compliance with the rules
- ability to check the accuracy of reports and prepare them for publication
- financial auditing.

#### ***4.4.4. Enforcement***

When issues of non-compliance are identified through the oversight body’s monitoring programme and/or alleged complaints filed with the agency, they will need to be assessed and, where appropriate, investigated. In some countries, the oversight body may be

authorised to investigate matters fully, whereas in others countries the oversight body will only conduct a preliminary review and then forward matters to another entity (e.g. prosecutor's office, administrative division or a judicial office). Depending on the legislative framework, the oversight body may also have the authority to sanction those who fail to comply with the law. To perform this function, staff should have:

- knowledge of the legislation
- understanding of regulatory procedures and practice
- investigative skills, including the ability to formulate requests for documents and to conduct interviews
- ability to analyse and apply the law to various factual scenarios
- writing skills to draft reports and conclusions.

#### ***4.4.5. Policy work***

Policy work can range from the development of operational policies and internal processes to reviewing the legal framework with a view to making suggestions for improvements. It can also encompass the assessment of statistical data to help define trends in party and election finance. Those working in this area will need skills and experience in:

- analysing data
- horizon scanning
- understanding the politico-socio context
- ability to identify, relate to and communicate with stakeholders.

### **4.5. Stakeholder engagement**

We should expect oversight bodies to have the power, capacity and willingness to engage with external stakeholders. These would include political parties, candidates, third parties and campaigning organisations, government officials, voters, the media and civil society organisations. And, the outreach to stakeholders should be meaningful. For example, consultation on disclosure or enforcement policy should start early in the process and have continuity.

Some countries have created working groups for various stakeholder representatives. If well managed (e.g. with agreed Terms of Reference, regularly scheduled meetings and set agendas), these working groups can provide an excellent vehicle for exchanging views and information. A working group consisting of political party representatives, for example, can provide the oversight body with a clearer understanding of the practical impact of the rules and procedures, which might then be tailored to fit the regulated community's needs whilst still achieving the regulatory objective. Similarly, such meetings are a means for the oversight body to communicate expectations, remind parties of upcoming filing deadlines or address issues that have arisen.

Working groups with representatives from civil society organisations (CSOs) can also be beneficial. Some CSOs have experience in monitoring election activity and may have insights to offer the oversight body.<sup>6</sup> The oversight body can also use CSO working groups to convey information about the operation of the law, resourcing issues and seek

informal feedback about policies and approach. However, it would be inappropriate to share information about ongoing cases or to involve the CSOs in case-related decision making.

#### 4.6. Oversight body as role model for transparency

The universal core principle underpinning political finance regulation is transparency. Political finance oversight bodies can serve as role models for transparency by having mechanisms in place that provide transparency about how they undertake their role and the decisions the oversight body makes. However, a cursory review of websites shows that this is a lesson yet to be learned by many political finance regulators around the world.

At a minimum, the oversight body should include the following on its website:

- information about its role, principles and objectives
- written guidance developed to assist those who are subject to the regulation
- key policies
- a listing of decisions taken including issue, outcome and rationale for decision
- information about where to get more information/whom to contact
- easily accessible political finance data required to be published.

#### Notes

<sup>1</sup>. See the Electoral Commission's Corporate Plan 2016-17 to 2020-21 at [www.electoralcommission.org.uk/\\_data/assets/pdf\\_file/0011/205688/electoral-commission-corporate-plan-2016-17-to-2020-21.pdf](http://www.electoralcommission.org.uk/_data/assets/pdf_file/0011/205688/electoral-commission-corporate-plan-2016-17-to-2020-21.pdf), pp. 5-6.

<sup>2</sup>. Ibid, p. 6.

<sup>3</sup>. See [www.elections.ca/content.aspx?section=pol&dir=acp&document=index&lang=e](http://www.elections.ca/content.aspx?section=pol&dir=acp&document=index&lang=e) (accessed on 26 August 2017).

<sup>4</sup>. See the Compliance and Enforcement Policy of the Commissioner of Canada Elections, Chapter VII, paragraph 39 at [www.cfc-cce.gc.ca/content.asp?section=abo&dir=bul&document=p2&lang=e](http://www.cfc-cce.gc.ca/content.asp?section=abo&dir=bul&document=p2&lang=e) (accessed on 20 August 2017).

<sup>5</sup>. In addition to the specialised skill sets highlighted here, the successful oversight body will need to have developed strong planning and communication strategies.

<sup>6</sup>. CSOs vary in their focus, effectiveness and degree of impartiality and the oversight body will have to make some judgments about which ones are the most reliable.





## Chapter 5. Political finance in Greece

*In order to contribute further to the anti-corruption debate and suggest ways to improve the regulation of funding of political parties in Greece, this section reviews the existing legal framework, especially in relation to the provisions of private funding, information disclosure, oversight and law enforcement. The overall legal and regulatory framework for political finance in Greece is relatively sound. Following recent legal amendments, additional provisions such as tighter requirements for bank loans and publication of political finance data has strengthened the legislative framework. However, challenges remain in effectively implementing part of the law on political parties, and additional capacities are needed for a monitoring authority to ensure adequate compliance with existing rules and regulations. Recommendations for Greece include further development of a public database; investment by the Audit Committee in online technologies to facilitate effective reviewing and auditing of the political financial reports; and additional outreach to support political parties' internal capacity building and awareness-raising activities across government and society.*

Political party funding in Greece has come under scrutiny following corruption allegations concerning the misuse of political funding by senior politicians and political parties (Repousis, 2014; Svarrer, 2017). In order to improve the regulation of political finance, Greece has made various efforts in recent years by adapting its legal framework.

While the recent reform significantly improved the legislative framework, efforts to increase integrity in political financing must be tied to a holistic implementation effort to strengthen the transparency of donors and contributions, compliance and oversight of political party campaigning and spending, and sanctioning of violations.

### **5.1. Current legal framework for political financing in Greece**

The Greek government is prioritising the fight against corruption and bribery and, with the assistance of the European institutions, is committed to taking immediate action. Under the responsibility of the General Secretariat Against Corruption, Greece's National Anti-Corruption Action Plan (NACAP) identifies key areas of reform, including political financing.

Recent reform measures mainly reflect the recommendations of the Group of State against Corruption (GRECO). GRECO evaluated the level of transparency of party funding in Greece in 2013, 2014 and 2015 with a number of recommendations. Subsequently, the Law 4304/2014 for the "Audit of financial and political parties and elected members in the Hellenic and the European Parliaments and other provisions" was adopted in 2014 and entered into force on 1 January in 2015, partially amending Law 3023/2002 on "Funding of political parties of the state income, expenses, promotion, publicity and audit of the finance of political parties and parliamentary candidates". The revised law addressed many potential areas for policy capture, for example, by setting limits on the amount of donation from a single source and tightening the regulation relating to bank loans to political parties.

Furthermore, additional amendments were introduced in 2017 with the Law 4472/2017 on "Combating corruption, reinforcing transparency and audit of the finances of the political parties and the elected members of Hellenic and European Parliament". Additional measures such as tightening regulations for bank loans are now in place to reduce the corruption risks in political financing. Law 4475/2017 introduced the obligation of auditees to notify the Audit Committee about the bank account used for their income and expenditures. Until recently, this obligation lay with the bank and credit institutes where the account was held. Moreover, the new law amended the provision about bank loans to prohibit the use of future public funding as a guarantee to take bank loans.

In the current setting, two institutions are mainly charged with managing and overseeing political financing, political parties and candidates: the Ministry of Interior and the Audit Committee. The Ministry of Interior is responsible for the allocation of public funding to political parties while the Audit Committee acts as the main oversight body of political financing.

### **5.2. Promoting a level playing field through balancing public and private funding**

Allocation of public funding and the rules for private funding require special attention to ensure a level playing field for all stakeholders. While private donation is a channel of

political participation, if the financing of political parties and election campaigns are not adequately regulated, fair political competition could be hindered.

### ***5.2.1. Public funding is a major financial source for Greek political parties and provisions for public funding are relatively comprehensive in the law***

Public funding helps to sustain the institutionalisation of political parties in democracies as they benefit from necessary financial support to conduct their daily activities. It also reduces their dependence on private funding, while there is a variation in such dependence across countries (Table 5.1). Such public support strengthens the capacity of political parties to level the electoral playing field.

**Table 5.1. The balance between public and private funding to political parties in selected OECD countries**

Country	Funding = % of party income	
	Public %	Private %
Belgium	85%	15%
Denmark	75%	25%
Finland	75%	25%
Greece	In 2009, 90% (for PASOK and ND)	10%
Hungary	60%	40%
Iceland	75%	25%
Italy	82%	18%
Netherlands	35%	65%
Norway	67.4%	32.6%
Poland	54-90%	10-46%
Portugal	80%	20%
Slovak Republic	87.5%	12.5%
Spain	87.5%	12.5%
Sweden	75%	25%
Turkey	90%	10%
United Kingdom	35%	65%
Spain	87.5%	12.5%
Sweden	75%	25%

Source: Adapted from GRECO (n.d.), “Third Evaluation Round (launched in 2007 continuing to 2017): Evaluation and Compliance Reports”, Council of Europe, [www.coe.int/en/web/greco/evaluations/round-3](http://www.coe.int/en/web/greco/evaluations/round-3) (accessed on 29 January 2018).

In Greece, provisions for public funding are comprehensive. Regular public funding, amounting to 0.5% of the state income of the previous financial year, is provided by the Ministry of Interior to political parties and coalitions represented in Parliament or the European Parliament, as well as those that do not have elected representatives, but secured at least 1.5% of all valid votes at the last elections. Direct public funding is meant to cover the parties’ or coalitions’ operational costs. In the Article 3 of the Law 3023/2002 as amended by Law 4304/2014 and Law 4472/2017, it is stated that 1) 80% is provided among the parties and coalitions represented in the Parliament in proportion to the number of votes they obtained, by means of a calculation based on proportionality; 2) 10% is provided to parties and coalitions with the Parliament and European Parliament representation; and 3) 10% is given to parties and coalitions that have filed complete lists of candidates in at least 70% of the constituencies and received at least 1.5% of valid votes at national level.

In addition to the regular funding, several forms of indirect public funding also exist in Greece in relation to election campaigns, including free broadcasting time on public and private radio and television channels for political parties.

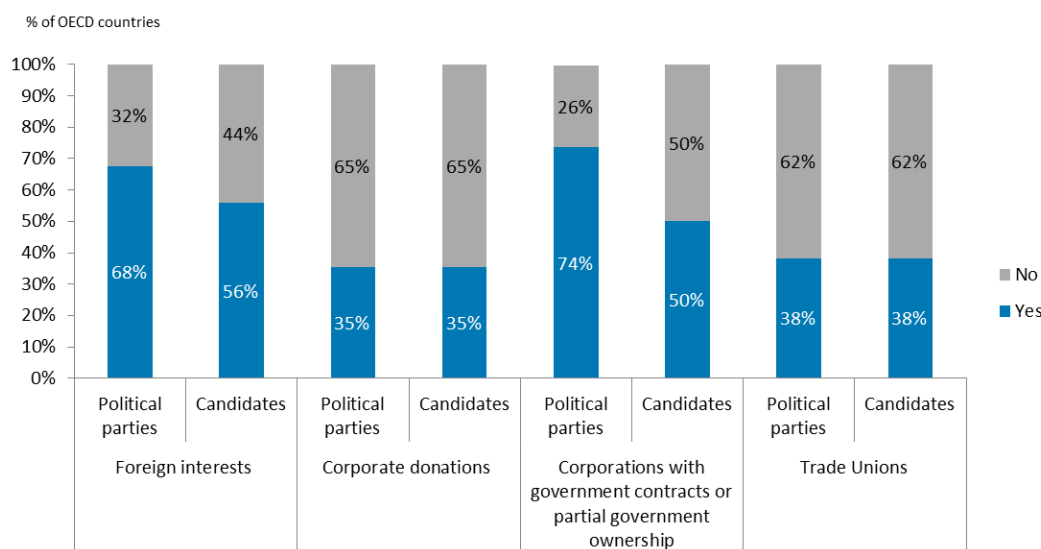
The law gives a central role to public funding in the financing of the main political parties and of their campaigns. Distribution criteria and mechanisms for public funding are well advanced in Greece. With relatively high dependence of political parties on public funding, ensuring transparency and effective oversight of the use of public funding would be crucial to maintaining integrity in Greek political financing (the level of transparency and oversight will be examined in later sections of this report).

### 5.2.2. Greece bans a number of sources for private funding and sets the maximum ceiling for donations

Private funding allows for support from society at large for a political party or candidate and is widely recognised as a fundamental right of citizens. Yet, if private funding is not adequately regulated, it can be easily exploited by special private interests. Therefore, OECD countries increasingly regulate private funding to ensure a level playing field among parties and candidates.

Regulating private funding underlies a concept of banning or limiting sources or amounts of financing. Sources considered inappropriate and therefore banned include foreign financing, financing from state organisations, such as state-owned enterprises, from corporate donations or from trade unions (Figure 5.1).

**Figure 5.1. Types of banned private contributions in OECD countries**



Source: Adapted from IDEA (n.d.), *Political Finance Database*, [www.idea.int/data-tools/data/political-finance-database](http://www.idea.int/data-tools/data/political-finance-database).

In Greece, political parties may receive private funding. While dependence of the main parties on public funding may appear to limit the impact of other sources of income, Greece also has a number of restrictions for the private funding, in line with many OECD countries. Article 7 of Law 3023/2002 as amended by Laws 4304/2014, 4472/2017 and 4475/2017 states that the following sources of funding are not allowed: foreign persons,

legal persons governed by public or private law, local authorities at any level, and media owners and publishers. In other words, private donations can only be made by natural persons, and corporate donation is banned in Greece.

Many countries also set the maximum ceiling for donations from natural and legal persons to political parties. Such a ceiling plays an important role in understanding the room for manoeuvre for potential policy capture, but it is difficult to strike the right balance (Table 5.2). In Greece, contributions from any individual donor to a political party may not exceed EUR 20 000 in a given year while candidates may not receive more than EUR 5 000 according to Law 3023/2002 as amended by Law 4304/2014. Such ceilings help to frame private funding in Greece.

**Table 5.2. Maximum donation ceilings for individuals in selected OECD countries**

	Party	Candidates
Austria	No limit	No limit
Belgium	EUR 500	N/A
Canada	CAD 1 200 per party	CAD 1 200
Chile	No limit	USD 80 000
Denmark	No limit	No limit
Finland	EUR 30 000	EUR 6 000 (for parliamentary elections)
France	EUR 7 500	EUR 4 600
Germany	No limit	No limit
Greece	EUR 20 000	EUR 5 000
Hungary	No Limit	No limit
Iceland	EUR 2 720	EUR 2 720
Ireland	EUR 2 500	EUR 1 000
Korea	No limit	USD 20 000/10 000/5 000
Netherlands	No limit	No limit
Norway	No limit	No limit
Spain	EUR 10 000	EUR 6 000
Sweden	No limit	No limit
United Kingdom	No limit	No limit
United States	USD 33 400	USD 2 700

Source: For Chile, Korea: OECD (2016), *Financing Democracy: Funding of Political Parties and Election Campaigns and the Risk of Policy Capture*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264249455-en>. For Austria, Belgium, Denmark, Finland, France, Germany, Hungary, Iceland, Ireland, Netherlands, Norway, Poland, Portugal, Spain, Sweden and the United Kingdom: GRECO (n.d.), “Third Evaluation Reports on the Transparency of Party Funding”, Council of Europe, [www.coe.int/en/web/greco/evaluations/round-3](http://www.coe.int/en/web/greco/evaluations/round-3) (accessed on 29 January 2018) and IDEA Political Finance Database (n.d.), [www.idea.int/data-tools/data/political-finance-database](http://www.idea.int/data-tools/data/political-finance-database) (accessed on 12 September 2017).

### ***5.2.3. While efforts are made to regulate anonymous donations, the use of anonymous coupons may require close oversight in Greece***

One of the major sources of concern is anonymous donations. Some 16 OECD countries ban all anonymous donations to parties, and 15 countries ban anonymous donations to parties above certain thresholds (Figure 5.2). For example, in Estonia, political parties are not allowed to accept concealed or anonymous donations, nor donations from legal persons. If possible, political parties are to return anonymous donations or donations from legal persons to the donor; otherwise, they have to transfer the donations to the state

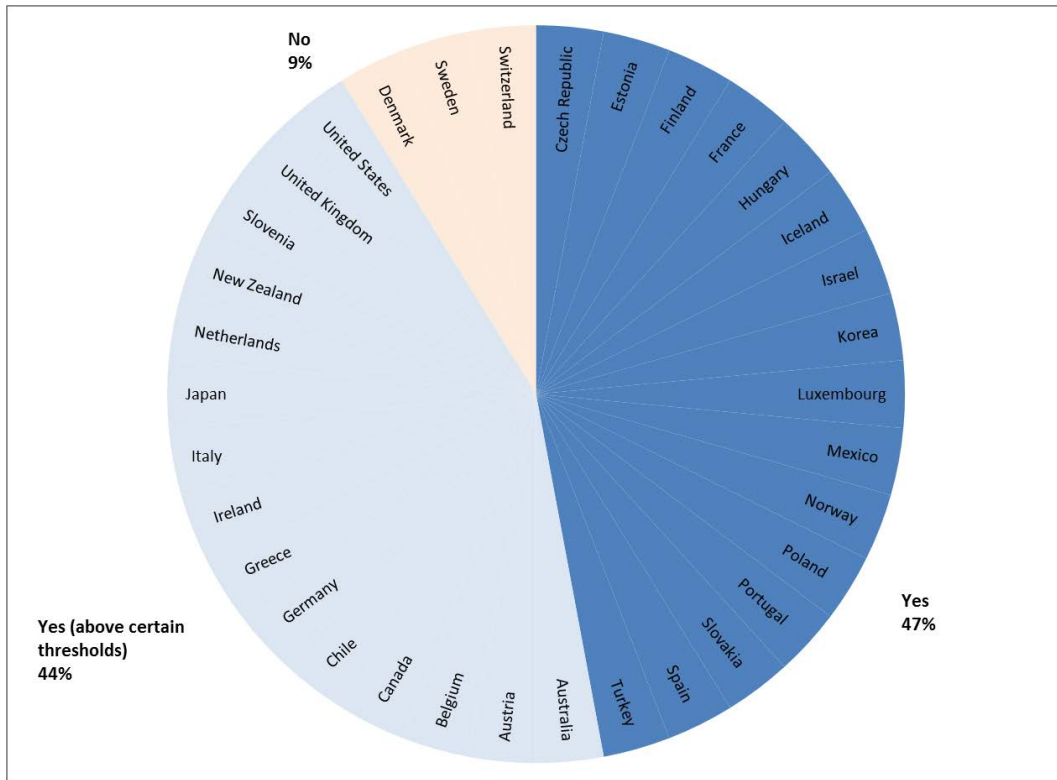
budget within ten days for the addition of the funds to be allocated to political parties in the following budgetary year.

In Greece, private funding must be provided through a bank transfer or other methods that enable identification of natural donors. In addition, Law 4472/2017 also repealed the provision in the Law 3023/2002 as amended by Law 4304/2014 that allowed political parties to organise campaigns for fundraising purposes as long as such funds did not exceed EUR 150 000 per annum. This provision was loosely defined and could allow political parties to circumvent the regulation of anonymous donations and requirements, such as the use of bank transfer, the identification of donors and donation ceilings. This latest amendment would facilitate closing this legal loophole and banned an exception for fundraising activities by political parties.

While efforts are made to regulate the risks of anonymous donation, coupons are commonly used to provide donations to political parties in Greece. Under the previous provisions, all the coupons were numbered and stamped by the Audit Committee in order to prevent uncontrolled flows of donations to parties. Besides, purchasing these coupons required the name and tax identification number or identity card number of the donor.

However, the Greek authorities considered that coupons are traditionally one of the most common methods for Greek citizens to provide financial support to political parties, and allowing small anonymous donations would promote spontaneous support by citizens to the political parties, and strengthen the psychological ties between them. To this end, Law 4509/2017 amended the provision and enabled anonymous donations through coupons up to EUR 15. Purchasing coupons below EUR 15 do not require the identification of the donor. The law also states that the maximum amount of coupons valued of EUR 15 or lower, which are numbered and certified by the Audit Committee, shall not exceed an amount equal to 4% of the annual amount of the regular state funding per year received by each political party for the previous year. The exact amount of the coupons for each political party shall be defined by a Declaratory Act issued by the President of the Audit Committee within the first ten days of each year. Allowing anonymous donations below certain thresholds is not uncommon, and a similar system exists in countries such as Ireland and the United Kingdom (Figure 5.2 and Table 5.3). However, it is important to ensure that the Audit Committee keeps track of the coupons that are stamped but not sold and has them returned to the committee in order to prevent uncontrolled flows of anonymous donations to parties. It is also important to disclose how much donations political parties collect through the sales of anonymous coupons in order to measure its proportion of total private funding. Such data could also facilitate the assessment of the added value of the recent reform introduced by Law 4509/2017 and the future debate on the issue of anonymous coupons in Greece.

Figure 5.2. Ban on anonymous donations to political parties in OECD countries



*Note:* The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

*Source:* Adapted from IDEA (n.d.), *Political Finance Database*, [www.idea.int/data-tools/data/political-finance-database](http://www.idea.int/data-tools/data/political-finance-database).



**Table 5.3. Thresholds for anonymous donations**

	Thresholds for anonymous donations	Notes
Austria	EUR 1 000	
Belgium	EUR 125	
Denmark	No limit	Reform has been discussed, but no political agreement has as yet been reached (GRECO, 2016)
Germany	Donations of small amounts which are typically received as a result of ordinary fundraising activities	Anonymous donations are generally prohibited as well, except for donations of small amounts which are typically received as a result of ordinary fundraising activities such as public collections (GRECO, 2011)
Ireland	EUR 100	Reduced from EUR 126.97 to EUR 100 in 2013 (GRECO, 2013)
Netherlands	EUR 1 000	Threshold was introduced in 2013 as part of the Financing of Political Parties Act (WFPP) (GRECO, 2013)
Sweden	No limit	Political parties that receive anonymous donations are not eligible for public funding (IDEA, 2014; GRECO, 2016)
Switzerland	No limit	Regulation of anonymous donations is currently under discussion as part of federal popular initiative calling "for greater transparency in the funding of politics (initiative on transparency)" (GRECO, 2017)
United Kingdom	GBP 500	

Source: [www.coe.int/en/web/greco/evaluations/round-3](http://www.coe.int/en/web/greco/evaluations/round-3).

#### ***5.2.4. Introduction of strict conditions for bank loans is a major step forward***

Other risk areas are the loans granted to parties/candidates. This may be considered hidden private funding. Countries have defined their own models for regulating this source of funding. In Spain, for instance, the high indebtedness of parties was recognised by the Third Evaluation Round of GRECO, as a challenge to the independence of parties' vis-à-vis credit institutions. The Spanish Court of Audit - also a main institution responsible for the control of party funding, but with non-binding recommendations - had already highlighted this risk to parties in particular as it observed many irregularities in the management of the loans granted to parties. Turkey, on the other hand, has simply forbidden parties from borrowing money or taking loans. In Italy, while taking loans is not forbidden, all candidates to the national parliament and regional councils are required to include the debts incurred for campaigning in the accounting report and elections statement that they provide to the Board of Comptrollers. Similarly, the Estonian Party Funding Supervision Committee examines the financial reports of political parties and publicises a written analysis of parties' financial health, drawing attention to those parties that have considerable debt and may be financially weak.

In Greece, bank loans have been the main source of income for many major political parties. Before 2012, the Greek political landscape was relatively stable and was occupied by two major political parties. According to the report by a civil society organisation, under such stable conditions, an average of 70-80% of the total public funding was constantly allocated to these parties. This facilitated the political parties taking bank loans with the future public funding as a guarantee. For example, Greek political parties

borrowed EUR 54 million in 2011 and EUR 48 million in 2010 (Svarrer, 2017). However, with the major shift of political power in 2012, these political parties lost the majority of votes and suffered from a major cut in public funding. Consequently, some political parties were unable to pay back their loans and were left heavily in debt.

In order to address this problem and regulate the political parties taking excessive bank loans with public funding as a guarantee, Greece amended the law in 2014 and prohibits political parties from taking bank loans with a guarantee of public funding beyond the current financial year. Furthermore, Law 4475/2017 placed further requirements on taking bank loans. For the beneficiaries of state funding, the assignment or the pledge of the state funding that aims to grant new bank loans shall be prohibited if it refers to an amount bigger than 50% of the current fiscal year. With the new amendment, political parties are required to inform the Audit Committee and the Bank of Greece in writing of each new loan agreement or any amendment to an existing agreement, at the latest within ten days of the agreement being signed. Failure to meet this requirement is subject to the penalty of partial or total loss of public funding. The Audit Committee shall also publish the written notification received from the party on its website within 15 days.

In addition to these provisions, Law 4472/2017 also tightens the transferability of public funding and reduces the incentives for political parties to use future public funding as a guarantee. While 40% of the total public funding received by each party was exempt from seizure and non-transferable in the previous provision, the amendment under the Law 4472/2017 reduces the ratio to 10% so that in theory 90% of public funding received by a party could be transferred to pay off the debts.

These recent amendments could strengthen the monitoring of the bank loans taken by political parties. The Audit Committee is expected to ensure its proper implementation in practice. While these new provisions are robust and intended to regulate the overdependence of parties on bank loans, how they are put into practice matters most.

In order to assist political parties in complying with the regulations relating to bank loans, the UK Electoral Commission, for example, published a detailed manual entitled “Overview of Loans to Political Parties”.<sup>1</sup> The manual explains different types of loans available to parties, information on lenders and reporting procedures when taking loans, and provides links to other related documents and forms. The Audit Committee could also develop similar guidelines to promote effective compliance of the political parties with the recently amended provisions relating to the bank loans.

### ***5.2.5. Greece could consider introducing regulation of third-party campaigns***

An emerging challenge to spending limits is to apply restrictions on third-party spending effectively. If not, the limits will be evaded by re-channelling election spending through supposedly independent committees and interest groups. Third-party campaigners are sometimes referred to as non-party campaigners and may include charities, faith groups, individuals or private firms that campaign in the run-up to elections but do not stand as political parties or candidates. Where spending on certain campaigning activities can be seen as reasonably intended to influence voters to vote for or against a political party or a category of candidates, there should be rules that apply.

Greece has currently no legal provision for regulating third-party funding. Given the emerging concern for third-party campaigning across Europe, Greece may consider developing a mechanism to regulate third-party spending as well. The United Kingdom provides an example of regulating third-party spending. The UK Electoral Commission

requires individuals or organisations that spend or plan to spend more than GBP 20 000 in England or GBP 10 000 (each) in Scotland, Wales or Northern Ireland on regulated campaign activities during a regulated period to register as non-party campaigners. If they register with the Electoral Commission, they will have a higher spending limit. The spending limits will depend on which election they are campaigning in, and once they are registered, there are rules they must follow on donations, spending and reporting. For the 2015 general elections, the spending limit for a particular constituency is set at GBP 9 750. A register of non-party campaigners is made public on the UK Electoral Commission website. For example, as of 1 April 2017, there were 54 registered non-party campaigners.<sup>2</sup>

### 5.3. Ensuring transparency and accountability

A cornerstone of ensuring transparency and accountability in political finance is the requirement for political parties and candidates to disclose information about how they raise and spend money. Such information can facilitate better-informed voter decisions as well as effective oversight of political finance. Comprehensive disclosure of financial information can also serve as a deterrent measure to minimise the impact of undue influence.

#### *5.3.1. A public database on political financing is an effective tool to increase transparency and accountability*

Law 3023/2002 as amended by Laws 4304/2014, 4472/2017, 4475/2017 and 4509/2017 provides a comprehensive list of information to be disclosed on the website of the Audit Committee. Such information includes the identity of natural persons whose support exceeds: 1) of EUR 3 000 in a year to candidates or elected members of the Hellenic or the European Parliament; and 2) of EUR 5 000 in a year to political parties or coalitions of parties as well as a list showing all loans received from all banks, by each political party and/or coalition of parties. In addition, the most recent amendment under Law 4472/2017 requires the Audit Committee to publish this information on its website within 90 days of receipt or following the completion of the audit as well as keep posting such data on the website for a duration of ten years. In the case a political party does not submit the data stipulated in the law, the Audit Committee shall publish such an omission on its website.

The Audit Committee launched its website in spring 2017 (Box 5.1). It contains information such as the allocation of public funding to political parties; however, most of the data regarding private donations and bank loans are not uploaded yet.

### Box 5.1. Web portal of the Greek Audit Committee

In late spring 2017, the website of the Audit Committee, provisioned in the Law 4304/2014, became operational. Its main objective is to guarantee public access to the data disclosed by political parties and candidates. To that end, the website is the main portal where information is frequently uploaded and made available to the public.

The launching of the website marks an important step taken by the Greek authorities fulfilling legal obligations to create a transparent environment surrounding political funding. The webpage provides access to four main sections covering support material, financial data, announcements and information regarding the committee. It also contains news pages, useful links and a search function.

More specifically, on the webpage, the user can access all the laws related to political funding as well as decisions by the Ministry of Interior containing elaborate tables with data on the amounts of public funding allocated to political parties and coalitions. These Ministerial Decisions date back to the 2015 elections. There is also information on the balance sheets and budgets of political parties in 2017. In addition, the website provides templates for candidates and political parties on how to declare revenues and bank accounts.

Despite the progress, the sections where information related to loans, non-state funding, the budget and the balance sheets, and the electoral campaigns' financial data are not available on line. Information concerning funding by natural persons for candidates is also absent.

Source: <http://epitropielegxou.parliament.gr/>.

Greece could consider further developing and enriching the content of its database as soon as possible in order to increase transparency and accountability. One of the good examples of comprehensive information disclosure of party finance is found in Estonia, where both the campaign expense reports, as well as quarterly finance reports submitted by political parties, are relatively detailed (Table 5.4). Political parties are required to submit one month after an election a report to the Estonian Party Funding Supervision Committee (EPFSC) that details all campaign expenses incurred by candidates running on a party list or as an independent candidate. In addition, each party must disclose at the end of each quarter a list of all expenses still unpaid as well as the balance sheet of its accounts. Quarterly finance reports must be submitted to the EPFSC by the 10th of the month following the end of a quarter.

**Table 5.4. Categories of information to be provided within party finance reports, Estonia**

Quarterly finance reports		Campaign expense reports	
Expenditures	Income	Expenditures	Donations
1) Advertising, including: •TV •Radio •Internet •Outdoor •Printed materials	1) Membership dues 2) State subsidy 3) Individual donations 4) Sale of party property	1) Administrative costs, including communications 2) Salaries and wages paid 3) Advertising expenses categorised by type 4) Public relations costs 5) Publications 6) Transportation 7) Rental expenses 8) Events 9) Other expenses	1) The names of individuals donating to the party or independent candidate
2) Public relations 3) Publications 4) Events 5) Other expenses			

Source: Political Parties Act (RT I, 12.07.2014, 39), Sections §121(8) and (9), §128(9) and (10), §121(2), §128(8), respectively.

In addition to comprehensive information disclosure, Greece could also consider more carefully how to publish such information on a website in a user-friendly way. Transparency is not synonymous with vast amounts of information. Large amounts of information or information not adequately presented may have a contrary effect on citizens. In order to allow comprehensive, proactive disclosure, data should be timely, reliable, accessible and intelligible (Pfeiffer and Speck, 2008). In particular, even when data is disclosed, the information might not be in a readable format. This is currently the case of the website of the Greek Audit Committee. A hard copy of a financial report in PDF format is different from a database with all financial records available for download. Data are not information. For disclosure of information to make sense and inform citizens, they need be organised in an intelligible and user-friendly way. Ideally, all reports should be submitted and published in a standardised, machine-readable format so as to ensure their comparability, clarity and digestibility.

Increasing number of countries disclose comprehensive information in a searchable and user-friendly way (

Table 5.5). For example, the Estonian Party Financing Supervision Committee (EPFSC) makes comprehensive political financial information available on its website ([www.erjk.ee/et](http://www.erjk.ee/et)). The entire system is streamlined in such way as to make the reports speedily accessible to the public. Generally within a few days of each deadline, the information is already available on the EPFSC's website. The database is searchable according to any number of categories, beginning with individual parties and successive elections (including individual municipal elections), but also including the names of donors, the names of expense recipients, the types of expenses and the types of income sources. Such a structured database allows greater media monitoring of party finance and CSO scrutiny. Another example of comprehensive online information disclosure is the UK Electoral Commission (Box 5.2), where information regarding political parties' income and expenditure can be searchable and downloadable. The Audit Committee could consider further developing its website in a similar format in order to improve the accessibility and transparency of political finance data.

### Box 5.2. The United Kingdom's online disclosure system

The United Kingdom's Electoral Commission webpage provides an accessible format where information can be easily searched by a category and downloaded in an Excel format.

Click for more details	Entity Name	Reported by	Register	SOA period	Total income ↑	Total expenditure	Assets	Liabilities	Date submitted	Date published	Accounting period year end	SOA band	SOA type	Redacted document
<a href="#">ST0011064</a>	Labour Party	Central Party	Great Britain	2014	£39,570,000.00	£35,333,000.00	£19,925,000.00	£18,861,000.00	03/07/2015	10/08/2015	31/12/2014	over £250,000	Accruals	<a href="#">Download</a>
<a href="#">ST0011068</a>	Conservative and Unionist Party	Central Party	Great Britain	2014	£37,446,000.00	£36,934,000.00	£8,599,000.00	£14,016,000.00	03/07/2015	10/08/2015	31/12/2014	over £250,000	Accruals	<a href="#">Download</a>
<a href="#">ST0011066</a>	Liberal Democrats	Central Party	Great Britain	2014	£10,344,295.00	£8,854,454.00	£2,006,747.00	£1,229,765.00	30/06/2015	10/08/2015	31/12/2014	over £250,000	Accruals	<a href="#">Download</a>
<a href="#">ST0011063</a>	Scottish National Party (SNP)	Central Party	Great Britain	2014	£7,048,050.00	£7,297,545.00	£381,691.00	£866,443.00	02/07/2015	10/08/2015	31/12/2014	over £250,000	Accruals	<a href="#">Download</a>
<a href="#">ST0011072</a>	UK Independence Party (UKIP)	Central Party	Great Britain	2014	£6,674,848.00	£6,731,199.00	£607,043.00	£322,127.00	06/07/2015	10/08/2015	31/12/2014	over £250,000	Accruals	<a href="#">Download</a>
<a href="#">ST0011061</a>	Green Party	Central Party	Great Britain	2014	£1,841,344.00	£1,711,227.00	£562,143.00	£319,173.00	07/07/2015	10/08/2015	31/12/2014	over £250,000	Accruals	<a href="#">Download</a>

Source: [www.electoralcommission.org.uk/find-information-by-subject/political-parties-campaigning-and-donations/political-parties-annual-accounts](http://www.electoralcommission.org.uk/find-information-by-subject/political-parties-campaigning-and-donations/political-parties-annual-accounts).

**Table 5.5. Examples of online availability of political finance information in selected OECD countries**

	Oversight body	Online report Submission and availability of reports	Information contained	Searchable
Canada	Chief Electoral Officer in Canada (Elections Canada)	Yes, but a signed physical copy required as well, as the CEO sees fit	Information on contributions and contributors Expenses related to elections, leadership and nomination contests, loans and unpaid claims	Yes
Estonia	Estonian Party Financing Supervision Committee	Yes Within a few days	Party income from membership dues, state funding, donations or other income Expenditures, including advertising, events, publications Campaign donors and amounts Campaign expenses such as wages, advertising, transportation, events and administrative expenses	Yes
United Kingdom	Electoral Commission	Yes <sup>1</sup>	All income including donations, public funding, loans, or other sources All expenditures on wages, offices, campaign expenses, fundraising costs, or other miscellaneous expenses	Yes <sup>2</sup>
United States	Federal Election Commission	Yes <sup>3</sup> Often 24–48 hours after submission	All income and donations, including contributor information for donations more than USD 50, loans, non- monetary and other miscellaneous income All expenditures, including information on the recipient and a receipt or invoice	Yes <sup>4</sup>

*Notes:*

1. Electoral Commission (n.d. a), “PEF online user guide”, [www.electoralcommission.org.uk/\\_data/assets/electoral-commission-pdf-file/0008/154682/PEF-Online-user-guide-creating-and-submitting-your-statement-of-accounts.pdf](http://www.electoralcommission.org.uk/_data/assets/electoral-commission-pdf-file/0008/154682/PEF-Online-user-guide-creating-and-submitting-your-statement-of-accounts.pdf).
2. Electoral Commission (n.d. b), “Registers search site”, <http://search.electoralcommission.org.uk/?currentPage=0&rows=10&sort=AcceptedDate&order=desc&tab=1&et=pp&et=ppm&et=tp&et=perpar&et=rd&prePoll=false&postPoll=true>.
3. FEC (n.d. a), “Electronic filing”, [www.fec.gov/electfil/electron.shtml](http://www.fec.gov/electfil/electron.shtml).
4. FEC (n.d. b), “Disclosure data search”, [http://classic.fec.gov/finance/disclosure/disclosure\\_data\\_search.shtml](http://classic.fec.gov/finance/disclosure/disclosure_data_search.shtml).

*Source:* OECD (2016), *Financing Democracy: Funding of Political Parties and Election Campaigns and the Risk of Policy Capture*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264249455-en>.

### ***5.3.2. Improving the new website of the Audit Committee could contribute to fostering more enabling environments, where CSOs and media can be effective watchdogs***

While Greece has a number of active CSOs and journalists interested in the issue of political financing, CSOs can only be effective watchdogs if substantive political finance information is publicly available for their analysis. By improving the content of the new website of the Audit Committee and ensuring regular and timely update of information, it can facilitate their effective participation, promoting a whole-of-society approach to the regulation of political financing. Where campaign finance information is made public, scrutiny from the media and civil society is a valuable complement to state oversight,



proving instrumental in advancing transparency and anti-corruption efforts in the field of campaign finance. For example, transparency of political donations has led to a third form of soft regulation in many countries: disclosing the names of large donors and of the recipients of funding. In countries such as the United States, where reporting requirements allow for individual donors to be identified, CSOs and the media have exposed large donations, to public criticism. This can be an alternative to bans and limitations (Box 5.3).

**Box 5.3. The monitoring role of CSOs in political finance in the Slovak Republic and the United States**

**Slovak Republic: Database for tracing public money**

The Slovak Republic reformed its access to information laws in 2000 and created a system that has grown exemplary over the last 15 years. Freedom of access to information has allowed CSOs and think tanks to devise innovative solutions to flag risks and to build an information network, allowing for the detection of conflicts of interest and improper influence on decision making. The CSO Fair Play Alliance (<http://datanest.fair-play.sk/en/pages/index>) created a database that anyone can access via their website. The database focuses on public money paid to private entities (state subsidies, privatisation, tax and custom remissions, grants, European funds, debts to the public sector) and on public representatives (managers of state institutions, governments, elected positions, the judiciary, self-governing bodies, Parliament, advisers to political leaders). It provides media and CSOs with tools for monitoring and makes public administration aware of the fact that their decisions can be easily monitored. This database is also helpful for investigative journalism; for example, the media were able to draw attention to concrete allegations of illicit practices regarding political party finance including fake donors and non-transparent party loans. The network has been emulated by CSOs abroad, and the software is used in the Czech Republic, Hungary and Georgia.

**United States: Center for Responsive Politics**

The Center for Responsive Politics is a non-profit, nonpartisan research group based in Washington, DC that tracks the effects of money and lobbying on elections and public policy. The Center was established in 1983 with aims to create a more educated voter, an involved citizenry and a more transparent and responsive government. It maintains a public online database of its information. Its website, [OpenSecrets.org](http://OpenSecrets.org), allows users to track federal campaign contributions and lobbying by lobbying firms, individual lobbyists, industry, a federal agency, and bills. Other resources include the personal financial disclosures of all members of the US Congress, the President, and top members of the administration. In 2012, OpenSecrets.org recorded nearly 35 million page views from more than 5 million unique visitors.

*Source:* European Commission (2014b), “EU Anti-Corruption Report: Slovakia”, [http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/organized-crime-and-human-trafficking/corruption/anti-corruption-report/docs/2014\\_acr\\_slovakia\\_chapter\\_en.pdf](http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/organized-crime-and-human-trafficking/corruption/anti-corruption-report/docs/2014_acr_slovakia_chapter_en.pdf); Center for Responsive Politics (n.d.), [www.opensecrets.org/](http://www.opensecrets.org/) (accessed on 27 October 2015).

## 5.4. Fostering a culture of integrity



The regulation of financing of political parties and election campaigns cannot be complete without taking into account the impact of other public sector integrity issues such as codes of conduct, conflict of interest, asset disclosure, lobbying and whistleblower protection. Other components of the Greece-OECD project specifically focus on whistleblower protection, asset disclosure, anti-corruption awareness-raising strategies, and anti-corruption education, providing in-depth assessment and recommendations that are also applicable to the better regulation of political financing. While the main objective of this technical report is to assess the current Greek legal framework of political financing and its level of implementation, this section provides a concise assessment of selected measures to safeguard the integrity of politicians and donors in the context of political financing in order to promote a holistic approach in Greece.

#### ***5.4.1. Greece could consider strengthening its efforts to ensure proper implementation of the Code of Conduct for parliamentarians***

Codes of conduct are an important part of fostering a culture of integrity as they impose binding, enforceable rules for what is clearly legal and acceptable and what is not for politicians, public officials and other stakeholders. When those in need of political funding are fully aware of what is expected of them, combined with the possibility of sanctions in the case of non-compliance, and the fact that they are monitored, render them more likely to act with integrity.

In Greece, the Code of Conduct for MPs was adopted in April 2016 and aims to promote self-commitment and self-protection of parliamentarians. The law includes 11 articles and covers issues such as conflict of interest, gifts and other benefit policies, use of confidential information, procedures of inquiries and disciplinary sanctions. The enforcement of the code is monitored by the Special Permanent Committee on Parliamentary Ethics. While the adoption of the Code of Conduct for parliamentarians is a major step forward to increase integrity and transparency in the legislative branch, the most important and challenging part is ensuring its proper implementation. The Special Permanent Committee on Parliamentary Ethics could consider regularly conducting awareness-raising activities in the Parliament as well as disclosing information on the ethical conduct of parliamentarians including the numbers of reported cases and sanctions applied to misconduct. In order to facilitate implementation of the code, some countries have also developed a detailed guideline governing legislators' dealings with private interests. One example is the UK Code of Conduct for Members of the House of Commons, which provides detailed guidance on MPs' outside employment and earnings, donations and gifts policy, asset disclosure and procedures of inquiries.

#### ***5.4.2. Greece could consider encouraging private sector stakeholders, particularly banks, to share the responsibility of strengthening integrity in political financing***

Promoting a culture of integrity of parliamentarians, i.e. in those that receive and use political financing is only a part of the equation. A culture of integrity can also be promoted among those that provide the funding. In Greece, close co-operation with the private sector to safeguard integrity in political financing is particularly valuable as many parties traditionally rely on bank loans. Promoting responsible business conduct among private sector stakeholders could also provide complementary effects to ensure proper implementation of the law. For example, Greece could, therefore, consider encouraging

the major banks to review and update their internal policies regarding the granting of loans to political parties, reflecting the recent amendment in the law. Effective implementation of self-regulation programmes requires top-level commitment at the level of the board and chief executive officers. Business leaders must make efforts to incorporate ethical conduct into business behaviours without preventing the business itself from flourishing and make them become competitive added value.

For example, in relation to the funding of political parties and election campaigns, many companies adopt a global policy against making improper contributions to political parties, which is often set forth in their code of conduct and internal business practices guidelines. These policies prohibit the use of company resources for contributions to any political party or candidate. This prohibition covers not only direct contributions but also indirect assistance or support through buying tickets to political fundraising events or furnishing goods, services or equipment for political fundraising or other campaign purposes. For example, the World Economic Forum Partnering Against Corruption Initiative (PACI) Principles for Countering Bribery aims to promote private sector initiatives to strengthen integrity and recommends that companies consider controls and procedures to ensure that improper political contributions are not made. Through measures such as public awareness campaigns and civic education, which are covered in other components of Greece-OECD project, Greece could consider encouraging the private sector to share the responsibility of strengthening integrity in political financing.

## 5.5. Ensuring compliance and review

The regulatory body tasked with the supervision of political finance is a key element of any well-functioning political finance system. In Greece, acknowledging the relatively sound *de jure* framework and the need to enhance transparency and capacities, one of the major challenges appears to be the lack of compliance with, and enforcement of, the existing framework. The Audit Committee is responsible for the oversight of political financing. This section looks at the ways to strengthen the capacities of the Audit Committee and improve compliance with the existing regulations.

### *5.5.1. Greece could consider strengthening the capacities of the Audit Committee to improve independent and efficient oversight of political financing*

In order to conduct meaningful oversight, the regulatory body needs to have a clear mandate, sufficient resources and equipment. In terms of mandate, the Audit Committee has the power to carry out full checks on any kind of statements, documents and other information, impose administrative sanctions, forward the cases to the public prosecutors, and give expert opinions on the adoption of the regulatory instruments relating to political financing. Granting such investigatory power and sanctioning power to the Audit Committee is a foundation for effective oversight. This is in line with practices in other countries. For example, in Korea, the National Election Commission (NEC) is responsible for overseeing compliance with the election law and has a wide range of specialised units, such as a cyber election unit, together with comprehensive investigatory and sanctioning power (Box 5.4).

#### **Box 5.4. Supervisory, investigatory and sanctioning power of Korea's National Election Commission**

The National Election Commission (NEC) of Korea oversees and controls activities that cause damage to fairness in elections as well as takes preventive actions against election law violations to ensure an equal opportunity for political parties and candidates and to hold elections in a fair way while the election processes are complied with.

Its Election Surveillance Unit consists of election malpractice monitoring groups, volunteers and personnel who report election law violations, and arranges the joint Election Surveillance Units in each metropolitan area or city to ensure the smooth election process. In addition, the NEC operates cyber election units to monitor and control the online activities that violate the election laws.

The NEC has several authorities regarding the investigation of illegal campaign spending:

- To request the submission of relevant documents. This is the authority to request information that is necessary for the investigation of election crime.
- To request financial institutions to submit details of financial transactions. The NEC can request information on bank accounts, a copy of the bankbook, name/date of birth/contact information of the individual that holds the account involved in transactions, the organisation that first issued the cheques and information of the person that requested their issuance.
- To demand to accompany or summon where necessary for questioning and investigation related to election irregularities.
- To collect and store evidence used at the scene of the crime.
- To request that the communication network provides for the viewing or submission of information necessary to identify the user in order to investigate crimes using information networks or phones.

The NEC issues a suspension, warning, or correction order against election law violations and imposes a fine on violators. If they disobey orders or do not stop their behaviour, the NEC brings a formal charge or requests an investigation against violators.

*Source:* Republic of Korea National Election Commission (n.d.), "Duties and responsibilities", [www.nec.go.kr/engvote\\_2013/01\\_aboutnec/01\\_03.jsp](http://www.nec.go.kr/engvote_2013/01_aboutnec/01_03.jsp).

While the institutional capacity of electoral management bodies varies across countries (Table 5.6), the Audit Committee is a relatively small body by comparison. The Audit Committee currently consists of nine members: 1) the President of the Special Permanent Committee for Institutions and Transparency; 2) a member of the Supreme Court; 3) a councillor of the Court of Audit; 4) a councillor of the Council of State; 5) the deputy governor of the Bank of Greece; 6) the President of the Authority for the Fight against Money Laundering Activities and Asset Disclosure; 7) the Ombudsman; 8) an MP from the ruling bloc; and 9) an MP from the opposition bloc. While six members are independent of the Parliament, three members are MPs. The current composition of the

committee is more independent and less partisan than that of the previous committee, which was composed of six MPs and three judges. While the independence of the Audit Committee has been relatively strengthened in the recent years, the chairperson is appointed by the Parliament, and uncertainty still remains as to what extent the Audit Committee is able to conduct independent and effective auditing on the political parties and members of Parliament.

**Table 5.6. The institutional capacity of electoral management bodies in selected OECD countries**

	Electoral management body	Staff numbers	Mandate and powers	Budget
Canada	Elections Canada <a href="http://www.elections.ca/">www.elections.ca/</a>	500 staff <sup>1</sup> Up to 235 000 temporary employees to administer elections or referenda	Provide guidance to political parties and candidates Review Investigate suspected violations Issue caution letters, engage in public compliance agreement Commissioner may disqualify candidates or levy fines up to CAD 100 000 Refer criminal matters to public prosecutors	CAD 120million (2014 <sup>2</sup> )
Chile	SERVEL (Electoral Service) <a href="http://www.servel.cl/">www.servel.cl/</a>	276 staff 80 professional 196 technical and administrative	Administrative review of financial statements for compliance with laws and regulations No fine or sanction powers	USD 12.727 million (2014) USD 4.678 million for elections (2014)
Estonia	Estonian Party Funding Supervision Committee <a href="http://www.erjk.ee/">www.erjk.ee/</a>	2 staff Administrative manager Legal advisor To support the 9 Committee members	Review party and candidate financial disclosures Investigate suspected violations or complaints Demand additional evidence from parties or third parties Impose civil fines up to EUR 15 000 Refer criminal matters to prosecutors	
France <sup>3</sup>	Commission Nationale des Comptes de Campagne et des Financements Politiques (CNCCFP) <a href="http://www.cnccfp.fr/">www.cnccfp.fr/</a>	33 staff Utilises temporary employees to review campaign accounts or undertake investigations	Review financial reports- and approve, reject or revise them Rejection of accounts can result in non-reimbursement of expenses Refer suspected criminal violations to the public prosecutor	EUR 6.7 million (2015 case study)
Korea	National Election Commission of Korea (NEC) <a href="http://www.nec.go.kr">www.nec.go.kr</a>	330 staff at headquarters 620 staff 17 metropolitan or provincial commissions 1 820 staff in district commissions	Review party financial reports Issue regulations, conduct investigations into suspected violations of the Public Official Election Act or Political Funds Act Issue administrative fines or correction orders <sup>4</sup>	USD 329 million (2014)
United Kingdom	Electoral Commission <a href="http://www.electoralcommission.org.uk/">www.electoralcommission.org.uk/</a>	127 staff <sup>5</sup> 14 executives 103 managers/ senior advisers / advisers /officers 10 assistants	Provide guidelines and advice to parties, candidates and the public Review party and candidate financial disclosures Investigate suspected violations and complaints Conduct interviews Issue civil fines or compliance or stop notices <sup>6</sup>	GBP 20.965 million (2014-15) <sup>7</sup>

	Electoral management body	Staff numbers	Mandate and powers	Budget
United States	Federal Election Commission <a href="http://www.fec.gov/">www.fec.gov/</a>	350 staff <sup>8</sup> Attorneys IT professionals Auditors, administrators	Issue regulations Review party and candidate financial disclosures, and conduct audits of disclosure reports Investigate suspected violations or complaints Compel witness testimony or documents Impose civil fines Refer criminal matters to federal prosecutors	USD 66 million (FY 2011)

*Notes:*

1. Elections Canada (n.d. a), “The Role and Structure of Elections Canada”, [www.elections.ca/content.aspx?section=abo&dir=role&document=index&lang=e](http://www.elections.ca/content.aspx?section=abo&dir=role&document=index&lang=e).
2. Elections Canada (n.d. b), “2013–14 Departmental Performance Report”, [www.elections.ca/content.aspx?section=res&dir=rep/dpr/dpr2014&document=p1&lang=e](http://www.elections.ca/content.aspx?section=res&dir=rep/dpr/dpr2014&document=p1&lang=e).
3. CNCCFP (2014), “CNCCFP - France’s National Commission for Campaign Accounts and Political Financing”, [www.cnccfp.fr/presse/kit/cnccfp\\_en.pdf](http://www.cnccfp.fr/presse/kit/cnccfp_en.pdf).
4. Ace Electoral Knowledge (n.d.), “South Korea: An Independent and Neutral Electoral Management Body”, <https://aceproject.org/ace-en/topics/em/electoral-management-case-studies/south-korea-an-independent-and-neutral-electoral>.
5. Electoral Commission (2014), “Corporate plan 2014-15 to 2018-19”, [www.electoralcommission.org.uk/\\_data/assets/pdf\\_file/0006/167091/EC-Corporate-Plan-2014-15-to-2018-19.pdf](http://www.electoralcommission.org.uk/_data/assets/pdf_file/0006/167091/EC-Corporate-Plan-2014-15-to-2018-19.pdf), p. 33.
6. Electoral Commission (2011), “Enforcement policy, December 2010”, [www.electoralcommission.org.uk/\\_data/assets/pdf\\_file/0003/106743/Enforcement-Policy-30March11.pdf](http://www.electoralcommission.org.uk/_data/assets/pdf_file/0003/106743/Enforcement-Policy-30March11.pdf).
7. Electoral Commission (2014), “Corporate plan 2014-15 to 2018-19”, [www.electoralcommission.org.uk/\\_data/assets/pdf\\_file/0006/167091/EC-Corporate-Plan-2014-15-to-2018-19.pdf](http://www.electoralcommission.org.uk/_data/assets/pdf_file/0006/167091/EC-Corporate-Plan-2014-15-to-2018-19.pdf).
8. GRECO (2011), “Third Evaluation Round: Evaluation Report on the United States of America: Transparency of Party Funding”, Council of Europe, [www.coe.int/en/web/greco/evaluations/round-3](http://www.coe.int/en/web/greco/evaluations/round-3).

*Source:* OECD (2016), *Financing Democracy: Funding of Political Parties and Election Campaigns and the Risk of Policy Capture*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264249455-en>

One way of strengthening independent and effective oversight for the Audit Committee is to further invest in its ICT platform. The use of online technologies could facilitate the effective and independent investigations of political finance. For example, the Estonian Party Funding Supervision Committee (EPFSC) oversees the public funding system, financial reporting, investigation, audit and compliance as well as sanctioning of campaign finance violations, with a staff of nine committee members, a legal advisor and an office manager. This is due in part to its high level of integration of technology. The EPFSC requires all financial reports to be completed in an online electronic spreadsheet, allowing the staff to easily organise, access and review financial documents in a consistent form.

Another example is the UK Electoral Commission. It has developed an online system called PEF Online for political parties to submit information regarding their income, expenditure and loans in an online electronic form (Box 5.5). Greece could consider developing a similar online system in which all reports are submitted in a standardised, machine-readable format and are thus comparable, clear and accessible for better oversight.

### Box 5.5. Political parties submit statements of accounts on line in the United Kingdom

The United Kingdom's Electoral Commission has developed a system for political parties to submit via an online portal (PEF Online) their statements of accounts clearly displaying their balance sheets and the composition of their income and expenditure. PEF Online is a secure database where political parties can complete registrations and maintain their registered details. In order to support the political parties, a detailed manual can also be found on line offering useful information and guidelines on how political parties must keep and submit financial records via PEF Online. The manual contains detailed guidelines with regard to the duties of a political party's treasurer, including keeping financial records and preparing the party's statement of accounts (SOA).

After creating an online account, political parties can use the electronic templates and create respective documents that then can be uploaded on line for the Electoral Commission. An example of an "Income and expenditure account" submission form can be seen below.

Income and expenditure account			
<b>Income</b>			
Membership £.pp	175.00	Affiliations £.pp	0.00
Donations £.pp	8000.00	Branch income £.pp	0.00
Fundraising income £.pp	750.00	Investment income £.pp	0.00
Transfers in £.pp	0.00	Property and rental income/office services £.pp	0.00
Profit/loss on sale of assets £.pp	0.00		
Miscellaneous income £.pp	0.00		
Miscellaneous income notes			
<b>Total income £.pp</b>	<b>8925.00</b>		
<b>Expenditure</b>			
Premises costs £.pp	1000.00	Office costs £.pp	700.00
Branch expenditure £.pp	0.00	Staff costs £.pp	500.00
Transfers out £.pp	0.00	Campaigning costs £.pp	3000.00
Fundraising costs £.pp	350.00	Financing charges and taxation £.pp	0.00
Depreciation £.pp	0.00		
Miscellaneous £.pp	25.00		
Miscellaneous notes	£25.00 - Electoral Commission Annual Renewal Fee		
<b>Total expenditure £.pp</b>	<b>5575.00</b>		
<b>Surplus/(deficit) £.pp</b>	<b>3350.00</b>		
<b>Assets &amp; loans statement</b>			
(Purchase of assets) £.pp	0.00	Sale of assets £.pp	0.00
New loan undertakings £.pp	0.00	(Capital repayment of loans) £.pp	0.00
Net income/(expenditure) on assets/liabilities £.pp	0.00		

This user-friendly system is an effective solution for an oversight body to organise, access and review financial documents in a consistent form, improving the quality of oversight with limited human resources.

Source: Electoral Commission (n.d.), "PEF online user guide", [www.electoralcommission.org.uk/\\_data/assets/electoral\\_commission\\_pdf\\_file/0008/154682/PEF-Online-user-guide-creating-and-submitting-your-statement-of-accounts.pdf](http://www.electoralcommission.org.uk/_data/assets/electoral_commission_pdf_file/0008/154682/PEF-Online-user-guide-creating-and-submitting-your-statement-of-accounts.pdf).

### ***5.5.2. Greece could consider disclosing data on investigations and sanctions to ensure that sanctions are consistently applied to misconduct***

Sanctions serve as deterrents for breaches and indirectly promoting compliance with political finance regulations. In OECD countries, sanctions range from financial to criminal and political. In Greece, Law 3023/2002 as amended by Laws 4304/2014, 4472/2017, 4475/2017 and 4509/2017 specifies criminal penalties of a prison sentence up to two years and a fine for offences such as concealing funding and the origins of their revenues unless those offences are more severely punished by another law. However, the Audit Committee does not disclose any data concerning the number of investigation and sanctions applied to the cases. It is difficult to assess whether sanctions are consistently applied to misconduct in Greece. Greece could consider disclosing data on sanctions. While there is a wide variation in the number of investigations and prosecutions across countries, the entire regulation of political financing could be undermined if sanctions are not applied at all.

### ***5.5.3. Greece could consider strengthening technical assistance through tailored training and user-friendly guidebooks for party officials***

In order to ensure compliance, providing support to political parties to help them comply with regulations is also crucial. This is an angle that is often neglected, but very much in need from the point of view of political parties.

In Greece, the Ministry of the Interior could help strengthen party capacity by providing regular training sessions to party officials, as well as providing question-and-answer sessions to parties. In addition, step-by-step, user-friendly guidance and explanations of expectations and responsibilities of party officials can support parties in building their own internal capacities. For example, the United Kingdom's Electoral Commission has developed a series of guidance for party officials in order to support internal capacity development in political parties (Box 5.6).

In addition, there are some international guidelines for political parties to learn and familiarise themselves with international good practices, such as Guidelines on Political Party Regulation issued by the Organisation for Security and Co-operation in Europe (Box 5.7). When planning and developing a training programme for the political parties, the Audit Committee and the Ministry of the Interior could consider taking these international standards into consideration and widely disseminating them among political party officials.



### Box 5.6. UK Election Commission guidance for political parties

The UK Electoral Commission provides user-friendly step-by-step guidance to political parties and campaign staff in a series of online handbooks available on line. Each handbook sets out easy to understand instructions on important campaign activity such as:

- the responsibilities of a party treasurer
- how to properly account for donations to a party
- rules for spending
- reporting responsibilities and deadlines



In addition, the website provides sample electronic forms for campaigns to use, as well as more detailed factsheets for more complex situations or dilemmas. A majority of the handbooks are 10-15 pages in length, including diagrams and examples. The handbooks can be found on the Commission's website at [www.electoralcommission.org.uk/i-am-a/party-or-campaigner/guidance-for-political-parties](http://www.electoralcommission.org.uk/i-am-a/party-or-campaigner/guidance-for-political-parties).

Source: OECD (2016), *Financing Democracy: Funding of Political Parties and Election Campaigns and the Risk of Policy Capture*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264249455-en>.



#### **Box 5.7. The OSCE’s Guidelines on Political Party Regulation**

The Organisation for Security and Co-operation in Europe (OSCE) has produced “Guidelines on Political Party Regulation”. These guidelines have been created as a tool to assist OSCE participating states and Council of Europe member states in formulating legal frameworks that comply with OSCE commitments and other international standards in facilitating the proper establishment, development and functioning of political parties. The guidelines cover issues such as party structure and internal rules, different types of private donation and their regulation, and right to a fair and public hearing by impartial tribunals.

These guidelines offer a series of useful information for political party officials and legislators to use when regulating their finance as well. They offer clear explanations on membership fees, intra-party contributions and income, candidate’s personal resources, and contribution limits, abuse of state resources amongst other issues.

Source: [www.venice.coe.int/webforms/documents/default.aspx?pdffile=CDL-AD\(2010\)024-e](http://www.venice.coe.int/webforms/documents/default.aspx?pdffile=CDL-AD(2010)024-e).

#### ***5.5.4. Greece could consider creating a reporting mechanism to allow citizens to register suspected violations of campaign finance regulations***

Citizen complaint mechanisms can also contribute to the identification of political finance malpractices and foster a culture of integrity. These citizen watchdogs can provide additional support to the Audit Committee in its oversight role by acting as the eyes and ears on the ground. Greece could consider providing a reporting mechanism by which citizens can alert authorities and potentially provide evidentiary support of these suspected wrongdoings. For example, in India, a 24/7 call centre and a complaint monitoring unit in each district were set up. A toll-free telephone number is now widely publicised for the public to report corrupt electoral practices. For example, between 1 March 2011, around the time the elections of the Tamil Nadu assembly was announced, and 15 May 2011, two days after the vote count, the Election Commission of India received a total of 3 159 calls, with vigilant voters themselves reporting malpractices and demanding action (Quraishi, 2014).

## Proposals for action

The overall legal and regulatory framework for political finance in Greece is relatively sound. In particular, following the recent amendments by the Laws 4472/2017, 4475/2017 and 4509/2017, additional provisions such as tighter requirements for bank loans and publication of political finance data strengthened the legal framework. However, challenges remain in effectively implementing some part of the law on political parties, and additional resources and autonomy are needed for a monitoring authority to ensure adequate compliance with existing rules and regulations. Finally, additional outreach to support political parties' internal capacity building and awareness-raising activities across the government and society would complement the holistic approach to building transparency in the political finance system.

To further strengthen Greece's political finance system, the OECD, therefore, recommends the following actions:

### *Promoting a level playing field*

Allocation of public funding and the rules for private funding continue to need special attention to ensure a level playing field for all stakeholders. Certain issues are particularly vulnerable to exploitation by powerful special interests. For example, loans, membership fees and third-party funding can be used to circumvent the regulations of private funding.

- With the recent amendment by Law 4509/2017 to allow small-scale anonymous donations, Greece needs to closely track the coupons that are stamped but not sold, and have these coupons returned to the Audit Committee in order to prevent uncontrolled flows of anonymous donations to parties.
- Greece would need to ensure proper implementation of the recent amendment by Law 4475/2017 and the Audit Committee would need to closely monitor the bank loans by political parties.
- Greece could consider introducing regulation of third-party campaigns.

### *Ensuring transparency and accountability*

Comprehensive disclosure of income sources and spending of political parties and candidates contributes to greater transparency, serving as a deterrent measure to limit undue influence. For disclosure of information to make sense and inform the citizen, information needs to be organised in an intelligible and user-friendly way as well. Disclosed information must be reliable and accessible, creating an enabling environment in which civil society organisations (CSOs), media and private citizens can conduct effective public scrutiny.

- Greece could consider disclosing more political finance data on a public database managed by the Audit Committee as soon as possible.
- Greece could consider disclosing information in a user-friendly way so that it would create more enabling environments, where CSOs and media can be effective watchdogs.

### *Fostering a culture of integrity*

Any consideration of political financing needs to be part of an overall whole-of-government and whole-of-society strategy to assure public integrity and good governance. While other components of the Greece-OECD project provide an in-depth assessment on whistleblower protection, asset disclosure, anti-corruption awareness-raising strategies and other integrity issues, measures to safeguard the integrity of parliamentarians and donors are particularly relevant to the context of political financing.

- Greece could consider strengthening other integrity policies, for example in co-operation with the Special Permanent Committee on Parliamentary Ethics to disclose more data on the compliance with the Code of Conduct among parliamentarians.
- Greece could consider encouraging private sector stakeholders to share the responsibility of strengthening integrity in political finance, in particular in the implementation of the recent amendments by Laws 4472/2017 and 4475/2017, by emphasising the value of responsible business conduct and due diligence.

### *Ensuring compliance and review*

Regulating income and spending are not sufficient if there is no proper and efficient oversight and enforcement. Institutions responsible for enforcing political finance regulations should have sufficient capacities as well as a clear mandate and legal power to conduct investigations, refer cases for prosecution, and impose sanctions. Development of such powers is critical for the effective enforcement of a transparent and equitable campaign finance regime. Well-staffed and well-funded supervisory bodies that lack the independence and/or legal authority to meaningfully regulate potential violators limit the extent to which existing regulation can be enforced. Besides, sound political finance regulations need sanctions, serving as deterrents for breaches and indirectly promoting compliance.

- Greece could consider strengthening capacities of the Audit Committee with online technologies to ensure independent and efficient oversight of political financing.
- Greece could consider disclosing data on investigations and sanctions to ensure that sanctions are consistently applied to misconduct by the Audit Committee.
- Greece could consider strengthening technical assistance through tailored training and user-friendly guidebooks for party officials.
- Greece could consider creating a reporting mechanism to allow citizens to register suspected violations of campaign finance regulations.

## Notes

- <sup>1</sup>. For more information, see [www.electoralcommission.org.uk/\\_data/assets/pdf\\_file/0015/102264/to-loans-rp.pdf](http://www.electoralcommission.org.uk/_data/assets/pdf_file/0015/102264/to-loans-rp.pdf).
- <sup>2</sup>. For more information, see [www.electoralcommission.org.uk/find-information-by-subject/political-parties-campaigning-and-donations/non-party-campaign-spending-and-donations-at-elections/register-of-non-party-campaigners](http://www.electoralcommission.org.uk/find-information-by-subject/political-parties-campaigning-and-donations/non-party-campaign-spending-and-donations-at-elections/register-of-non-party-campaigners).

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## Annex A. Framework on financing democracy: Supporting better public policies and averting policy capture

Overall objective	Policy options and specific risks to mitigate	
Promoting a level playing field	Balancing funding through direct and indirect public contributions	<p>Direct funding that entails a monetary transfer to parties, candidates:</p> <ul style="list-style-type: none"> <li>• clear and equitable criteria, such as equal access and proportionality</li> <li>• provision to promote gender equality.</li> </ul> <p>Indirect funding, including tax exemptions, subsidised access to media, meeting rooms, etc.</p> <p><i>Unintended consequences may include:</i>  <i>Risk of an unbalanced playing field for the challengers and smaller parties if, for example, the criteria of allocation is based on past electoral performance.</i></p>
	Framing private funding	<p>Banning certain types of private contributions, in particular:</p> <ul style="list-style-type: none"> <li>• foreign interest</li> <li>• corporations with government contracts or partial government ownership</li> <li>• corporate donations, trade unions, etc.</li> </ul> <p>Limiting anonymous donations.</p> <p><i>Unintended consequences may include:</i>  <i>Risks of avoidance through third-party funding and other legislative loopholes.</i></p>
	Applying spending limits	<p>Clear limits based on absolute amount, percentage of total public funding, certain amount per citizen in the electoral district, etc.</p> <p><i>Unintended consequences may include:</i>  <i>Risk of avoidance through third-party funding</i>  <i>Risk of an uneven playing field for the challengers if there is an abuse of state resources by the incumbent.</i></p>
Ensuring transparency and accountability	Limiting privileged access to state resources	<p>Controlling abuse of state resources:</p> <ul style="list-style-type: none"> <li>• ban the use of state resources for political purposes</li> <li>• ban state resources being given to, or received by, political parties or candidates (except regulated public funding)</li> <li>• ban disproportionate government spending on advertising before or during campaigns, hiring new public servants and signing large public contracts.</li> </ul> <p><i>Unintended consequences may include;</i>  <i>Risk of avoidance if the incumbents use the public resources to campaign for their votes in the name of "carrying out their legislative duties".</i></p>
	Requiring disclosures	<p>Requiring comprehensive reporting, including:</p> <ul style="list-style-type: none"> <li>• timely provision of information.</li> </ul> <p>Not limiting reporting to only how public funds have been spent, but also include private donations.</p>



Overall objective	Policy options and specific risks to mitigate	
Fostering a culture of integrity	Enabling scrutiny	Timely, reliable, accessible and intelligible public disclosure of reports.  Promote media and civil society scrutiny.
	Applying the integrity framework in the public sector	Code of conduct. Conflict of interest and asset disclosure provisions. Disclosure on lobbying. Risk mapping. Whistleblower protection.
	Promoting standards of professionalism, integrity and transparency in private donors	Self-regulation of financing of political parties and electoral campaigns: <ul style="list-style-type: none"> <li>• appropriate accounting practices</li> <li>• private sector codes of conduct</li> <li>• responsible lobbying.</li> </ul>
	Assuring independent and efficient oversight	Strengthen independence of monitoring body and process: <ul style="list-style-type: none"> <li>• independent appointment of members</li> <li>• ensure the security of tenure to members</li> <li>• independent budget for the body to conduct monitoring.</li> </ul> Provide capacity: <ul style="list-style-type: none"> <li>• sufficient resources</li> <li>• specialised auditing capacities and methodologies.</li> </ul> <i>Unintended consequences may include:</i> <i>Risk of over-complication of procedures among many different institutions.</i>
Ensuring compliance and review	Applying dissuasive and enforceable sanctions	Proportionate and dissuasive sanctions, for example: <ul style="list-style-type: none"> <li>• lose public subsidies</li> <li>• confiscation of illegal donations or funds</li> <li>• fines</li> <li>• criminal charges such as imprisonment</li> <li>• ineligibility: loss of elected office, forfeiting right to run for elections</li> <li>• deregistration or suspension of a political party.</li> </ul> Enforcement of sanctions in a timely manner.
	Appraising the system	Reviewing periodically - with the involvement of stakeholders - the functioning of the system and making necessary adjustments: <ul style="list-style-type: none"> <li>• identify new risks to the policy objectives of the system</li> <li>• identify mitigation strategies.</li> </ul>
	Support to political parties	Providing support to political parties to help them comply with regulations: <ul style="list-style-type: none"> <li>• setting up a support unit within the monitoring agency focused on supporting compliance</li> <li>• dialogue between parties and monitoring agencies in order to facilitate adherence to the rules and allow for better understanding of political finance.</li> </ul>

## Annex B. Implementation challenges and tools to address them

The role of the political finance regulator is a difficult one given the political ramifications that can result from its decisions. Even if many of the accusations made against oversight bodies are not entirely preventable, many can be refuted or minimised by proactive action. In addition to external accusations, there are challenges that arise from the nature of the work itself – its cyclical nature, staffing needs and limited funding. The following chart highlights some of the most common challenges and tools used to address them.

Challenge	Tools to address challenge
Accusations of political partiality	<ul style="list-style-type: none"> <li>•Written policies that establish how the oversight body will approach issues</li> <li>•Clear procedures to guide staff in performing their work</li> <li>•Proper documentation for case decisions</li> <li>•Quality assurance reviews to ensure that the procedures have been followed</li> <li>•Proactive communication strategy</li> </ul>
Delay in performing statutory functions	<ul style="list-style-type: none"> <li>•All procedures should have established deadlines for each stage of the process</li> <li>•Monitoring of adherence to deadlines</li> <li>•Anticipate and plan for peaks in workload (e.g. around filing deadlines)</li> <li>•Risk assessment analysis</li> </ul>
Accusations that oversight body is useless in the absence of significant enforcement action	<ul style="list-style-type: none"> <li>•Definition of success (e.g. increased compliance)</li> <li>•Maintain statistics of activity undertaken (e.g. helpline calls answered, training sessions provided, number of reports reviewed, etc.)</li> <li>•Good communication strategy</li> <li>•Stakeholder outreach</li> </ul>
Poor rate of compliance by regulated community	<ul style="list-style-type: none"> <li>•Address common errors in targeted guidance</li> <li>•Proactive outreach and training</li> <li>•Warnings for first-time offenders of minor breaches with the threat of sanction if breach recurs. Carry through on the threat.</li> </ul>
Gap or problems with the law	<ul style="list-style-type: none"> <li>•Undertake periodic review of how law is working</li> <li>•Outreach to officials (governmental/legislative) about problem and proposed solutions</li> </ul>
Allegation that complaints filed with oversight body get lost in a “black hole”	<ul style="list-style-type: none"> <li>•Complaint-processing procedure should address what communication will occur with complainants and at what stage of the process</li> <li>•Establish time targets for completing action on complaints</li> <li>•Develop a policy on what information will be released about complaint and follow it</li> </ul>
Accusation of holding back or rushing an enforcement matter because of an election	<ul style="list-style-type: none"> <li>•Written policy about case handling during sensitive periods</li> </ul>
Lack of funding for oversight body to do its job	<ul style="list-style-type: none"> <li>•Risk analysis and prioritisation of work</li> </ul>
Recruitment issues	<ul style="list-style-type: none"> <li>•Ensure political neutrality of staff</li> <li>•Enhance skill sets through internal training and development</li> <li>•Staff peak periods through temporary recruitment (university work experience) and/or reallocation of staff</li> </ul>

## Annex C. Additional reference material

### Reporting templates

UK: <https://www.electoralcommission.org.uk/our-work/publications/forms>.

USA: <https://www.fec.gov/help-candidates-and-committees/forms/>

### Political finance database

UK:

<http://search.electoralcommission.org.uk/?currentPage=0&rows=10&sort=AcceptedDate&order=desc&tab=1&et=pp&et=ppm&et=tp&et=perpar&et=rd&prePoll=false&postPoll=true&optCols=CampaigningName&optCols=AccountingUnitsAsCentralParty&optCols=IsSponsorship&optCols=RegulatedDoneeType&optCols=CompanyRegistrationNumber&optCols=Postcode&optCols=NatureOfDonation&optCols=PurposeOfVisit&optCols=DonationAction&optCols=ReportedDate&optCols=IsReportedPrePoll&optCols=ReportingPeriodName&optCols=IsBequest&optCols=IsAggregation>

USA: <https://www.fec.gov/data/>

Georgia: <http://monitoring.sao.ge/en>

### Guidance

UK: <https://www.electoralcommission.org.uk/i-am-a/party-or-campaigner/guidance-for-political-parties>.

USA: <https://www.fec.gov/help-candidates-and-committees/>

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# Integrity in Political Finance in Greece

Money in politics is a double-edged sword. It is a necessary component of the democratic process, enabling the expression of political support as well as allowing for competition in elections. Yet, if the financing of political parties and election campaigns are not adequately regulated and monitored, money may also be a means for powerful special interests to capture the policy process. This report provides an in-depth analysis of the political finance mechanisms in Greece, drawing on international standards and good practices. It provides concrete guidance on developing a solid legislative framework and an effective oversight mechanism for political finance. Finally, the report suggests ways to improve integrity in the short and medium term.

Consult this publication on line at <https://doi.org/10.1787/9789264303768-en>.

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