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D10.2.1: Domestic compliance with European norms of political financing across the EU Member States

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Executive Summary

The ANTICORRP Project WP10 on "Monitoring anti-corruption legislation and enforcement in Europe" has the overall aim to study state compliance and implementation of international and European anti-corruption norms in the EU member states. It is specifically interested in exploring whether international and European norms have an independent influence in prompting EU member states to adopt and implement effective anti-corruption laws, policies and practices domestically. While their research design and methodology are different, the three studies that are contained in this deliverable explore this broader issue by focusing on three areas of law and policy: (a) political financing, (b) public procurement, and (c) the confiscation and recovery of proceeds of corruption. These three studies are based on primary empirical research and extensive data collection across all the EU-28.

The empirical finding of these three studies provide a solid empirical basis for identifying patterns of variation of state compliance and implementation, whether cross-national, in each of the three issue and policy areas. They shall also enable us in the subsequent, comparative phase of the WP10 research to explore the factors that account for significant variation across sectors or states. In this regard, these studies conducted in the frame of the second phase of WP10 contribute to filling an important gap in existing academic and policy-relevant research: there is a dearth of studies that systematically examine whether and the extent to which international anti-corruption legislation influences state laws and policies, and whether governments comply with the respective norms. We also lack comparative studies that investigate the factors and conditions under which states comply and implement international norms and rules designed to fight against corruption. WP10 seeks to contribute to the broader and flourishing area of anti-corruption studies. It draws from, but also in turn contributes to, international relations and comparative politics scholarship about the effects of international law on domestic politics and policies more broadly.

Alongside academic scholarship, the WP10 research also seeks to inform important policy questions and debates. A central issue that is debated among scholars and non-scholars alike is whether the proliferation of international regulatory activities actually has any positive influence on the extent and ways in which states seek to mitigate corruption, and whether, as a result, resources and energies must be channeled towards strengthening corruption control. Many either assume or explicitly argue that international anti-corruption norms that promote the creation or strengthening of national legal and regulatory frames make a positive contribution in tackling state-level corruption – at least to some degree. However, not few are those who question any direct positive impact, claiming that international regulatory norms have little actual effects in the domestic regulatory efforts to curb corruption. Some even argue that anti-corruption norms and regulations may actually create more problems and incur costs, instead of having any positive benefits in effectively reducing state corruption.

Whether to tackle practices of political corruption, or to redress phenomena that are seen to manifest a 'crisis of democratic engagement', the regulation of political financing has become a cardinal issue of global and European governance. The first study on "Domestic compliance with European norms of political financing across the EU Member States" by Dia Anagnostou and Evangelia Psychogiopoulou (ELIAMEP) explores state compliance with and implementation of the Council of Europe (CoE) rules and standards in the area of political financing, as these are applied in the Group of States against Corruption monitoring. It specifically focuses on the 28 member states of the EU where a variety of different regimes and levels of regulation in political financing exist. Do EU member states comply with the relevant CoE rules and standards, and to what extent do they reform their national systems of regulation in political financing in order to do so? What are the patterns of cross-national variation in levels of compliance with European norms, and in the levels of regulation established across countries in the course of GRECO monitoring?

The study on political financing addresses the above questions through a quantitative assessment across countries, while it also engages in a qualitative analysis of the domestic implementation of GRECO recommendations across EU member states, and the issues and obstacles that shape it. This is the first study to explore whether and the extent to which European states comply with international norms and standards in political financing. If EU member states, which are all democracies and closely cooperate in the frame of regional and supranational institutions, do not comply with international norms in this area, then there would be little reason to believe that other countries in different parts of the world would. This study approaches the subject of political financing through the lens of corruption-related studies. It is driven by the concern and assumption that systems of political financing are potentially breeding grounds for practices that may distort or undermine political competition. They may allow for the undue influence of powerful interests and private donors at the expense of the average citizen, thereby distorting the principles of equality and fairness that underpin representative democracy.

The first part of this study provides an overview of the different aspects of political financing and the high salience of reforms in this area in Europe. The third and fourth sections of this study describe the GRECO monitoring mechanism and the relevant norms endorsed by the CoE in fighting against corruption in party and campaign financing. The fifth section of this paper describes the approach and methodology of this study and the next section gives an overview of the main findings. The results of this empirical study show that CoE monitoring has had some effects in prompting states to expand their regulatory frame in the area of political financing, yet, the progress accomplished in this direction has overall been limited. In view of the quantitative study results, section 7 explores some of the factors that seem to facilitate or conversely to obstruct compliance with and implementation of GRECO norms on political financing. Whether there is a single model of political financing that is effective in dismantling corruption in the EU is considered in section 8. The last section of this paper discusses further implications of our findings and reflects on

the next phase of this research on state compliance with GRECO norms around political financing reform in the EU-28.

The findings of this study inform the policy-relevant debate around the effectiveness of legal regulation of political financing: does legal regulation contribute to reducing levels of political corruption? By examining the patterns of compliance and implementation across states, while also considering the variable ability of EU member states to control corruption, the authors of the political financing study argue that we ought to be skeptical about the effectiveness of an excessive and elaborate set of rules and restrictions in the area of political financing. In fact, the relationship between level of regulation and a country's ability to control corruption overall is inverse: countries that are rated as good performers in their ability to control corruption tend to have a low or medium level of regulation in political financing. On the other hand, countries that are characterised by a poor ability to control corruption have had in place a host of rules and standards that amount to medium and high levels of regulation. Nearly all EU countries with an elaborate set of rules and restrictions in the area of political financing in place are still laggards in corruption control.

Overall the findings of the study on political financing suggest that a moderate level of regulation is a necessary but not sufficient condition in enabling a country to control corruption, and that high levels of regulation are likely to be counter-productive. While a certain degree of regulation is essential, at the same time, a high level of regulation and a 'one size fits all' approach to the choice of national-level rules and standards, are likely to be counterproductive. It is difficult to find any one country or group of countries that can serve as a regulatory model for others to emulate. Instead, a basic set of internationally espoused norms and rules must be applied with flexibility and by taking into account the national context.

The study on political financing also contributes to an area of research in international law, international relations and comparative politics that explores the impact of international norms and their monitoring by regional/international organisations on domestic law and politics: to what extent is such an impact evidenced? And what are the factors that account for states' variable compliance with, and implementation of international legal standards and norms? The empirical findings of the study on political financing point to the need to explore further mediating factors and variables related to domestic politics. Factors such as cross-party consensus, state and territorial structures, as well as party organisation at the national level, can be posited as significant in explaining why state governments were more or less willing to respond to the GRECO recommendations at the time that they did, and to comply and implement them through legislative reform. The fact that former communist states from Central-East and Southeast Europe (CESE) tend to have significantly higher levels of party finance regulations is probably closely linked to the fact that they underwent relatively recently a process of democratisation followed by the accession process in the EU. We plan to engage in further and more

focused research into the comparative factors that explain cross-national variation in state implementation of international and European norms of political financing.

High-level corruption in public procurement thrives on intransparent, restricted and unfair competition. As the European Commission and the Court of Justice of the European Union are vested with extensive powers to enforce transparent, open and fair competition in public procurement across the EU, they can be viewed as anticorruption actors. The second study on "Implementing the EU Public Procurement Directives: Effectiveness of the European Commission and the Court of Justice of the European Union as anticorruption actors" by Mihály Fazekas (University of Cambridge, BCE) and Alejandro Ferrando Gamir (BCE) investigates the impact of all relevant European Commission reasoned opinions and Court of Justice of the European Union (CJEU) judgements on corruption risks in public procurement markets. By using a unique micro-level public procurement database consisting of over 2.8 million awarded contracts in 2009-2014 and a novel 'objective' indicator of corruption risk, the study identifies and compares the corruption risks before and after the implementation date of the CJEU opinions or judgements.

The findings of this study show that overall the European Commission and the Court of Justice of the European Union contribute to controlling corruption by 0.01-0.06 CRI or roughly moving a market from the corruption risk level of an average Czech contract to an average German contract. This effect is about 9 times stronger in high corruption risk countries than in low to medium corruption risk ones, suggesting that the EU is able to foster anticorruption especially in the relative absence of domestic good government institutions.

The above effect of European Commission opinions and Court of Justice of the EU decisions on state control of corruption in the public procurement sector is predominantly evidenced in high corruption risk countries, with only a small insignificant effect in low to medium corruption risk ones. This suggests that under certain conditions, the EU is able to foster anticorruption especially in the relative absence of domestic good government institutions. Nevertheless, an alternative explanation to the empirical material cannot be excluded, namely that the observed improvement in corruption risks is simply due to corruption strategies becoming less easily visible rather than due to decreasing the overall level of corruption. Assuming that widely used and easily measurable corruption techniques are the least costly for corrupt groups, the European Commission and Court of Justice of the EU decisions forcing such groups to use more costly methods could still foster public good. Further research using additional qualitative and quantitative data could shed more light on this open question.

The results of the public procurement study merit further investigation in order to establish the robustness of the findings and to track more long term effects. In particular, the detailed understanding of the causal mechanism that is set in motion following an EC/CJEU decision and its impact on public procurement policy change and market behaviour at the national level present attractive avenues for future work. At this stage, this study could only look at the relationship between the starting and

end points without data on the processes at play. In addition, a more precise measurement of the decision implementation date could advance the robustness of findings. Still, the present findings enable us to draw some tentative policy conclusions. Given the central importance of public procurement for political corruption and government favouritism, extending the remedial powers of the European Commission and the Court of Justice of the European Union could further broader good governance goals.

The third study entitled "A preparatory study on confiscation and recovery of criminal assets in the EU Member States" by Eva Nanopoulos (King's College, Cambridge University) and Salvatore Sberna (European University Institute) provides an empirically grounded overview of the legal frame of each EU member state concerning their confiscation regimes (conviction based/non-conviction based/ extended confiscation) and their framework for the mutual recognition of freezing and confiscation orders. In coding and assessing the respective legal frame across all EU member states, this study makes use of an extended version of the "working law template" from the RAND report (2012). This template collects information about the legal framework in each country regulating precautionary freezing, freezing and conviction-based confiscation orders, other regimes of confiscation (such as extended and non-conviction based confiscation), third parties confiscation, the procedures of management, realisation and disposal of frozen/confiscated assets, the mutual recognition of freezing and confiscation orders. In addition to the RAND mapping, the new templates, which our study has deployed, have also included any aspect of the new Directive 2014/42/EU that was not covered in the original template, as well as norms and provisions contained in the Council Framework Decision 2007/845/JHA on Asset Recovery Offices. As an annex to this study, three tables are provided to summarise the legal positions of each EU MS concerning their confiscation regimes (conviction based/non-conviction based/ extended confiscation) and their framework for the mutual recognition of freezing and confiscation orders.

As recognised in many international and EU initiatives, the confiscation and recovery of proceeds of corruption, as well as international cooperation in this field, are essential to fight corruption. This study also identifies and analyses the main shortcomings that characterise the EU rules on asset confiscation, which are still relatively modest and crucially, do not attempt to regulate the areas which are most controversial. International cooperation is especially important if we consider that the concealment or disguise of criminal proceeds are mainly transnational. However, the results achieved in this area are modest if compared to the estimated revenues of corruption. As far as the EU is concerned, the legal procedures in member states (hereby MS) have not yet been fully harmonised. The aim of this study is to provide a preliminary assessment of the state of play in terms of legal framework pertaining to the confiscation of criminal proceeds across the EU MS and to legal cooperation in the mutual recognition of foreign freezing and confiscation orders. This is a preparatory study for a policy paper that will be delivered in 2016 with the D10.5 deliverable of the WP10, providing policy advice for EU and member state decision

makers in order to advance asset confiscation work in general and confiscation of proceeds of corruption in particular.

The preliminary results of this study show that since 2010, there have been a number of positive developments with some member states having taken action to fulfill their EU law obligations. Some member states have pursued significant changes, either through the adoption of new non-conviction based regimes or an extended criminalisation of conducts (France, Belgium, Spain, Romania). At the same time though, seven member states had yet to implement FD 2006/783 on the mutual recognition of confiscation. Concerning transposition, the general picture is that several states still fall short of properly transposing their EU law obligations into domestic law. Yet, the sort of the discrepancies that arise differ greatly between member states, which makes it difficult to draw general conclusions about the kind of issues that create transposition problems and how best to address them.

At the same time, deficiencies remain at the EU level. First, with the possible exception of extended confiscation, the EU's rules on asset confiscation are still relatively modest and crucially, do not attempt to regulate the areas which are most controversial. There are no provisions on civil forfeiture and the circumstances under which a non-conviction based confiscation is allowed are rather limited. Moreover, the EU regime only applies to very serious offences. Second, the EU's recent efforts have focused on setting minimum rules for the definition of freezing and confiscation laws, neglecting the difficulties that arise in the recognition and enforcement of confiscation orders in cross-border cases. In particular, difficulties usually arise in cases involving non-conviction based confiscation orders, or orders which have not been adopted as part of criminal proceedings but are issued instead as part of a parallel civil law. Finally, two MS – Denmark and the UK – have not 'opted-in' to the new Directive and two – this time Denmark and Ireland – have stayed out of the European Investigation Order.

Deficiencies remain also at the domestic level. We can distinguish between deficiencies that result from the lack of transposition or from poor transposition of the relevant EU rules (and other international instruments) and those that arise outside the scope of these rules or that pertain to broader systemic issues defining a state's approach to asset confiscation. Concerning transposition, the general picture is that several states still fall short of properly transposing their EU law obligations into domestic law. Yet, the sort of the discrepancies that arise differ greatly between Member States, which makes it difficult to draw general conclusions about the kind of issues that create transposition problems and how best to address them. For instance, some countries still do not provide a basis for recovering indirect proceeds other than for cases of money laundering. Others consider value confiscation as a residual tool, available only when the confiscation of objects is impossible. By contrast, the new EU Directive clearly views value confiscation as an equal alternative to the confiscation of the physical or non-physical proceeds of crime. Moreover, in some instances, value confiscation is only available for the most serious crimes, such as bribery, corruption and organised criminal activities.

Domestic compliance with European norms of political financing across the EU Member States

Dia Anagnostou and Evangelia Psychogiopoulou

1. Introduction

In the late 1980s and in the 1990s, a series of political corruption scandals involving abuse of government funds, illegal donations to political parties or slush funds to buy favors from elected politicians came to public light in Europe (Bull and Newell, 2015: 1674). Revelations that political parties had received large and illicit contributions from powerful donors, individuals or corporations, were associated with rising levels of public mistrust in the political system, including in the European Union (hereby EU) countries.[1] Showing that established democracies with rule of law systems were far from immune to corruption, such incidents brought the issue of political financing to the attention of international and supranational institutions in the region. It is possible that illicit practices reflecting undue and disproportionate influence of powerful economic actors through party and campaign financing were not a new phenomenon. Instead, better enforcement, more aggressive investigative journalism and specialised and highly active non-governmental organisations (NGOs) in the area of anti-corruption had all contributed to bringing to light cases about the corruptive influence of money in politics.

Weak regulation of party financing and widespread reluctance of parties to make their financial dealings fully transparent are arguably symptomatic of longstanding structural problems in this area and partly explain public mistrust of political parties. Even though the negative public perceptions do not necessarily or accurately reflect actual levels of corruption (as they are often influenced by how the media portrays cases of unethical contact), they are significant in revealing higher public expectations about standards of political integrity in Europe. Across EU Member States, public sensitivity, as well as frustration with political corruption has clearly been greater than in the past, influencing initiatives for tighter control and higher standards of integrity in the area of political financing. Transparency International considers the inadequate regulation of political financing as 'the most significant gap in the integrity systems' across the EU member states (Mulcahy, 2012: 20).

At the national level, different factors related to the quality of democracy, such as declining party memberships and voter turnouts, alongside diminishing levels of

[1] In public opinion surveys, political parties are rated as the most corrupt sector by respondents. See Mulcahy, 2012: 20.

trust in politics, also contributed to the introduction of reforms in political finance regulation (Bull and Newell, 2015: 1697). The regulation of funding for political parties and election candidates has been pursued to help counteract such disquieting trends. A key aspect of such regulation in Europe (but also elsewhere) has been the provision of public funding: it was introduced with the goal of reducing dependence on private funding by powerful donors, as well as of creating a level-playing field that allows all segments in a society to access the political system (Piccio, 2014: 207). At the same time, the provision of direct and indirect public funding has contributed to a partial reconceptualisation of political parties from private and voluntary associations to public utilities. By requiring increased transparency and by justifying increasing state intervention in how they manage their finances, public funding has in part challenged the liberal approach that envisaged parties as private associations that should be free from state interference (Piccio, 2014: 210; 236).

Whether to tackle practices of political corruption, or to redress phenomena that are seen to manifest a 'crisis of democratic engagement', the regulation of political financing has become a cardinal issue of global and European governance. In the European system of multi-level governance a variety of anti-corruption efforts and initiatives have emerged over the past fifteen years or so, reflecting the resolve to tackle corruption including in regard to money in politics (Bull and Newell, 2015: 1700-04). The Council of Europe's (hereby CoE) *Group of States against Corruption* (hereby GRECO) is probably the most important regional regime of international monitoring and supervision. Through its periodic rounds of evaluation and compliance in different areas, where corruption breeds itself, it countenances national authorities and puts pressure on them to reform domestic laws and policies in regard to conflict of interest legislation, incriminations, identification, seizure and confiscation of corruption proceeds, organised crime and money laundering, and the extent and scope of immunities, among others. In this frame, political financing was selected as an issue on which the GRECO focused in its third round of evaluation, which is still ongoing. The evaluation and monitoring of CoE states have been based on a set of rules and standards formulated by the CoE. These encompass private funding, caps on election campaign expenditure, disclosure and transparency, enforcement and monitoring, as well as sanctions.

The present study explores state compliance with and implementation of the CoE rules and standards in the area of political financing, as these are applied in the GRECO monitoring. It specifically focuses on the 28 member states of the EU (hereby EU-28) where a variety of different regimes and levels of regulation in political financing exist. In view of such cross-national differences, do EU member states comply with the relevant CoE rules and standards, and to what extent do they reform their national systems of regulation in political financing in order to do so? What are the patterns of cross-national variation in levels of compliance with European norms, as in the levels of regulation established across countries in the course of GRECO monitoring? Besides addressing these questions through a quantitative assessment across countries, this study also engages in a qualitative analysis of the domestic implementation of GRECO recommendations across EU member states, and the issues and obstacles that shape it.

International relations and international law scholars understand *compliance* to specifically refer to a state's adherence to a legal rule or regulation that is embodied in a convention and/or that follows from a normative standard. It is distinct from *implementation* that denotes the behavioural change that conformity with a legal rule

produces (Raustiala, 2000: 387; Neyer and Wolf, 2005: 42; Raustiala and Slaughter, 2002: 539). Implementation shifts attention to the efforts of, and degree to which national authorities put international commitments into practice domestically through the passage of legislation, the creation of institutions and the enforcement of rules (Raustiala and Slaughter, 2002: 539; Shelton, 2000: 5). Compliance and implementation by no means ensure or are equivalent to *effectiveness*, namely, the efficacy of a given norm and its corresponding prescriptions to tackle the social problem that it is intended to redress, to induce change in state behaviour and to achieve its policy objective.

This study is both informed by, and in turn aspires to contribute to a voluminous scholarship on domestic compliance with international law more broadly. It is the first study to explore whether and the extent to which European states comply with international norms and standards in political financing. If EU member states, which are all democracies and closely cooperate in the frame of regional and supranational institutions, do not comply with international norms in this area, then there would be little reason to believe that other countries in different parts of the world would. In the next phase of our research, we shall engage in a comparative analysis to explore what accounts for patterns of variation across countries in levels of compliance with CoE norms, and in levels of regulation of political financing.

On the basis of the results of the quantitative and qualitative analysis, we reflect on and discuss whether a) a European benchmark in political financing exists, and whether it is possible to establish at all, and b) whether higher levels of regulation of political financing are effective in combatting the corruption that may arise in the financing of parties and campaigns. There has been a heated and ongoing debate on whether tighter regulation is effective in reducing the risk of corruption, including in money in politics (Krishnan, 2014: 21). At the outset, the present study, as others, sees it reasonable to assume that 'as a general principle, effective and properly enforced regulations are better than no regulations, and that a country may be in a better position to lower corruption risks in political party funding if [it has effective regulations, rigorous monitoring and enforcement, and a strong and stable political culture]' Krishnan, 2014: 33). In analysing the effectiveness of regulation and the appropriateness of European-wide standards, the present study can also inform policy formulation and analysis both at the national and at the European level.

This study approaches the subject of political financing through the lens of corruption-related studies. It is driven by the concern and assumption that systems of political financing are potentially breeding grounds for practices that may distort or undermine political competition. They may allow for the undue influence of powerful interests and private donors at the expense of the average citizen, thereby distorting the principles of equality and fairness that underpin representative democracy. The next part of this study provides an overview of the different aspects of political financing and the high salience of reforms in this area in Europe. The third and fourth sections of this study describe the GRECO monitoring mechanism and the relevant norms endorsed by the CoE in fighting against corruption in party and campaign financing. The fifth section of this paper describes the approach and methodology of this study and the next section gives an overview of the main findings. In view of the quantitative study results, section 7 explores some of the factors that seem to facilitate or conversely to obstruct compliance with and implementation of GRECO norms on political financing. Whether there is a single model of political financing that is effective in dismantling corruption in the EU is considered in section 8. The last

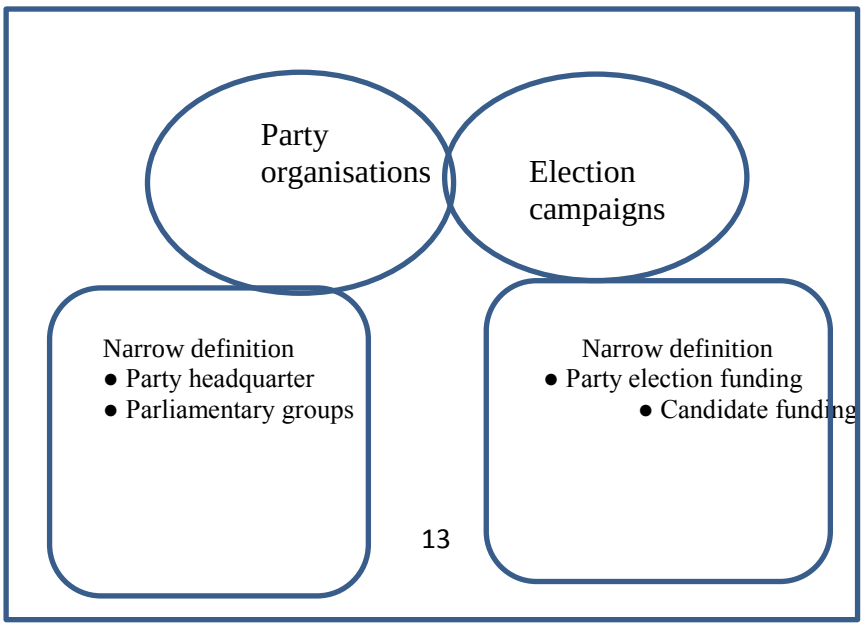
section of this paper discusses further implications of our findings and reflects on the next phase of this research on state compliance with GRECO norms around political financing reform in the EU-28.

2. The contours of political financing and its regulation

Political financing refers to the resources that political parties raise and spend in the process of competing for office. It roughly includes two strands of resources: a) funds that parties use to cover ongoing expenses for their maintenance and operation and b) funds that are specifically used by political parties and candidates to engage in election campaigns (Speck and Olabe, 2013: 4). Political party and campaign/candidate funding though are not the only kinds of political money, neither are they necessarily the most important. Alongside parties and candidates, there is a host of other actors, such as organised groups, campaign groups, public policy institutes, and other entities, which are involved in political competition, and influence public policy agendas and electoral outcomes (Walecki, 2007: 75). In this study, by the term of political financing, we primarily refer to political party and campaign/candidate funding, even though some of the regulations promoted to control political money also pertain to the financial flows between parties/candidates on the one hand, and various political groups and third-party actors on the other.

The importance that different political systems assign to political party financing or candidate-centered funding in part depends on whether strong political party organisations exist in a country, in which case the bulk of costs goes for their maintenance. Conversely, if political parties are weakly developed entities, the emphasis is instead placed on campaign funding. The existence of a *party-centered* or *campaign-/candidate-centered financing regime* may also depend on the type of electoral system that is in place in each country. Where strong political party organisations exist or where the electoral system grants a preeminent role to these (i.e. as in proportional representation (PR) systems with closed lists), political funding tends to be party-centered, and candidates may be excluded from political financing altogether. On the other hand, in countries with weaker political parties and majoritarian electoral systems (as in North America), financing tends to be campaign- and candidate-centered (Ohman, 2014: 18). In Europe where, in contrast to North America, there is a well-entrenched tradition of strong political parties, the term 'political financing' tends to be used as a synonym for 'party financing'.

Figure 1: Defining political financing



Extended definition	Extended definition
● Party foundations	● Fundraisers
● Think tanks	● Independent spending
● Lobbyists	

Source: Speck and Baena Olabe (2013: 5)

Private funding to parties and election candidates is not in and of itself an evil for democracy – on the contrary; however, it is a double-edged sword. Financial resources allow political parties to recruit and prepare political leaders. Through their engagement as such, they have over time contributed to opening up the system of political power to individuals and leaders who come from a broader social and economic strata of society well beyond the members of a small elite. Furthermore, citizens' financial contributions to political parties are the modern form of political participation. Making a donation to a party has partly substituted for traditional forms of engagement (voting, party membership, etc.), which have been in decline. Private donations are a channel of citizens' connecting with political parties in the context of democratic participation (Scarrow, 2007: 207). If funding political causes through private donations to campaigns and to political parties is a legitimate form of political participation, then party and campaign finance regulation should seek to promote and enable donations. At the same time though, it should also seek to restrict the potential of excessive influence from single and large donors (Mulcahy, 2012: 41).

The funding of parties and election campaigns by private sources entails substantial risks for powerful interests to exert a disproportionate amount of influence over decision-makers, undermining democratic representation and accountability. Such undue influence may be direct or it may be invisible but equally deleterious. For example, it is well-known that private funding to parties and candidates may be granted in exchange for the award of lucrative public contracts in the area of public procurement. The expansion of privatisation, deregulation, and the introduction of private management techniques into public services have all increased opportunities for the enrichment of elected officials and bureaucrats by forging close relations with entrepreneurs and lobbyists (Bull and Newell, 2015: 1689-1690). Elected officials may use their decision-making power to allocate large sums of public money to particular companies or businesses that have donated sizeable campaign funds, betraying their voters by giving priority to powerful organised interests (Speck and Baena Olabe, 2013: 17). In fact, private sector kickbacks in return for government favours have been behind party scandals in Western Europe, but also in the more established democracies of Central East and Southeast Europe, such as the Czech Republic, Poland and Hungary (Smilov, 2014). The risk of corruption in political financing is connected to a variety of other sectors and practices beyond public procurement, to encompass abuse of state resources especially by incumbent parties and candidates, vote buying, and relations of political parties and candidates with other non-governmental entities (such as institutes, political groups, etc.), among others.

The interest and engagement of international organisations such as the CoE with political financing is characterised by two aspects: the adoption of a set of uniform standards that are promoted across states under its supervision, and the legal nature of the means employed to combat corruption. Legal regulation of political financing has been posited as a main instrument in the fight against illicit financial

practices in politics. Existing studies though have expressed substantial reservations and criticisms in regard to both aspects.

In the first place, universal (or even region-wide) standards to regulate political financing are arguably difficult, if possible at all, to pin down. They may also be inappropriate and therefore ineffective in view of the different constitutional structures, electoral systems, national democratic traditions, and varying definitions and models of political parties that exist across European countries. Scholars and analysts have rightly argued that regarding an appropriate regulatory frame, there is no size that fits all. Particular standards in political financing are neither good nor bad, but their application and effectiveness depends foremost on the particular challenges facing the political financing system in each country (Ohman, 2014: 20). Their effectiveness also depends on how they are put to practice and implemented in conjunction with other rules and in connection with other structural features of a polity. For example, both public and private funding can distort political competition and reproduce the imbalance of power between government and opposition, or between established and new political parties. The effectiveness of either to limit political corruption depends on the appropriate (for the national context) balance between the two and on the particular conditions and details that define their allocation.

Secondly, the overwhelming emphasis of international organisations and their normative arsenal on adopting *legal* rules and provisions tends to overlook the complexity of corrupt practices in political financing and their embeddedness in national structures. For example, the extent and ways in which private funding can distort political competition or breed corruption between dominant economic interests and public officials is thoroughly connected to and depends on the specific structures of the national political system. In countries where the civil service is not (substantially or fully) independent from the government, political financing regulation is unlikely to redress the problem of the undue influence of economic interests on decision-makers, unless significant reform of the public administration is also undertaken (Speck and Baena Olabe, 2013: 19, 36).

Not only does a predominantly legal approach to controlling corruption underestimate the close connection of illicit finance practices with other issues and structures, but it also overlooks the facility and inventiveness with which legal rules are often bypassed. For example, reforms that bolstered the regulatory frame to control political financing in France in the 1990s, and required parties to publish their accounts and name donors did little to prevent dubious practices. The flow of funding was redirected through other channels that remained unregulated. As a result of this, there was a five-fold increase (in 1992-95) in the candidates' personal capital contributions to their own campaign, which was not subject to disclosure requirements. Similarly, the introduction of ceilings on donations were circumvented by the proliferation of 'campaign groups' through which funding was redirected (Clift and Fisher, 2005: 246-8). Notwithstanding these criticisms, a strong case can be made for the importance and necessity of international standards on political financing, which, however, should be sufficiently flexible as to accommodate the rich variety of different political systems (Ewing, 2001: 195).

At the national level in Europe, already in the late 1980s and especially in the 1990s, there were initiatives to reform and regulate the political financing system, which until then had largely been based on a laissez-faire approach. The break out of

political corruption scandals in countries like France and the emergence of new and smaller political parties with no traditional base for their party income in countries like the UK, prompted such reform attempts (Clift and Fisher, 2005: 241). One of the first initiatives aimed at curbing excessive influence by large donors was to introduce public financing (often generous) for political parties, which would enable the parties to fulfil their functions without relying on such donors. In countries like France, reforms sought to eradicate the link between private sector interests and political parties and candidates by outlawing business funding (Clift and Fisher, 2005: 243).

In the early 1990s, the CoE established a Working Group on the Funding of Political Parties whereas in the early 2000s, the European Commission for Democracy through Law (the Venice Commission) adopted guidelines for the financing of political parties (Venice Commission, 2001) and a study on political funding was undertaken by the Political Affairs Committee of the Parliamentary Assembly. The 2001 report of the latter focused on the need for transparency in party funding, the need to regulate the source and size of donations, the role of the state in the funding of political parties and the need to control campaign costs in an era of expensive media (Ewing, 2001: 189). The ensuing recommendation of the Parliamentary Assembly proclaimed that the adoption of rules on the financing of political parties and of electoral campaigns at the national and CoE levels should be based on the following principles: a reasonable balance between public and private funding, fair criteria for the distribution of state contributions to parties, strict rules concerning private donations, a threshold on parties' expenditures linked to election campaigns, complete transparency of accounts, the establishment of an independent audit authority and meaningful sanctions for those who violate the rules (Parliamentary Assembly, 2001). It was on the basis of these initiatives that *Recommendation (2003) 4 on common rules against corruption in the funding of political parties and electoral campaigns* was issued by the CoE Committee of Ministers, offering a standard-setting legal text (Committee of Ministers, 2003).

3. The GRECO monitoring mechanism

The approach of the CoE in the fight against corruption rests broadly on three interrelated elements: the setting of common European standards, monitoring of compliance with the standards introduced, and technical assistance offered to individual countries and regions through cooperation activities (Council of Europe, 2015). The CoE's legal arsenal against corruption consists of a wide array of instruments. They take the form of conventions, resolutions and recommendations, thus covering both hard and soft law tools. They are aimed at assisting states in establishing an appropriate regulatory and institutional framework and at promoting international cooperation in the field. The monitoring of compliance with the rules adopted is entrusted to the GRECO.

Heralded as the first concrete CoE step towards the development of a full-fledged anti-corruption policy (Grigorescu, 2006: 537), GRECO was set up to 'make a significant contribution to the promotion of a dynamic process towards effectively preventing and combatting corruption' (Committee of Ministers, 1999: preamble).[2]

[2] In May 1998, the CoE's Committee of Ministers authorised GRECO's establishment (Committee of Ministers, 1998) and on 1 May 1999 GRECO was founded by the following members: Belgium,

The latter is understood by the CoE as 'a major threat to the rule of law, democracy, human rights, fairness and social justice' and as 'hinder[ing] economic development and endanger[ing] the stability of democratic institutions and the moral foundations of society' (Committee of Ministers, 1999: preamble).

The functioning of GRECO is governed by its Statute and Rules of Procedure (Committee of Ministers, 1999; GRECO, 2012). Pursuant to Article 1 of the Statute, the objective of GRECO is to 'improve the capacity of its members to fight corruption by following up, through a dynamic process of mutual evaluation and peer pressure, compliance with their undertakings in this field'. More specifically, GRECO is to monitor the observance of the *Guiding principles for the fight against corruption*, as adopted by the Committee of Ministers on 6 November 1997 (Committee of Ministers, 1997), and the implementation of the international legal instruments introduced in pursuance to the CoE's *Programme of action against corruption*, adopted in November 1996.[3] GRECO's monitoring consists of an *evaluation procedure* and a *compliance procedure*.

As part of the evaluation procedure, all GRECO members are assessed within an evaluation round, whose length is determined by the GRECO.[4] At the beginning of each evaluation round, GRECO selects the specific provisions whose implementation will be appraised.[5] Depending on their nature, it adopts a questionnaire, which is addressed to the members undergoing the evaluation.[6] Members' replies must be detailed, answer all questions and contain all necessary appendices.[7] They are examined by an evaluation team,[8] usually consisting of three national experts from different members,[9] who may request, where appropriate, additional information.[10] They may also carry out country visits[11] and hence meet with public officials and civil society representatives on-site. On the basis of the information compiled, a draft evaluation report is prepared, with a descriptive part and an analytical part. This report contains observations on the compatibility of national legislation and practice with the scrutinised rules, recommendations for reform, if there is a need, and their motivation.[12] The draft report is submitted to the member under review for comments, which 'shall be taken into account'.[13] Once it has been finalised, the evaluation report

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Bulgaria, Cyprus, Estonia, Finland, France, Germany, Greece, Iceland, Ireland, Lithuania, Luxembourg, Romania, Slovakia, Slovenia, Spain and Sweden (Committee of Ministers, 1999). Since then its membership, which is not limited to CoE member states, has grown considerably. Currently, it comprises 49 members, including two non-CoE members: Belarus and United States of America.

[3] Art. 2 GRECO Statute.

[4] Art. 10 GRECO Statute and Rule 23 GRECO Rules of Procedure.

[5] Ibid.

[6] Art. 11 GRECO Statute and Rule 24 GRECO Rules of Procedure.

[7] Rule 24(2) GRECO Rules of Procedure.

[8] Arts 10(4) and 12 GRECO Statute and Rules 25-26 GRECO Rules of Procedure.

[9] Each member provides GRECO with a list of experts available for taking part in GRECO's evaluations. See Arts 10(4) and 12 GRECO Statute and Rules 25-26 GRECO Rules of Procedure. Exceptionally, evaluation teams may comprise additional experts and, where appropriate, scientific experts. See Rule 26(2) GRECO Rules of Procedure.

[10] Art. 12 GRECO Statute.

[11] Art.13 GRECO Statute and Rule 27 GRECO Rules of Procedure. The state to be visited must be given notice of at least two months. Country visits should in principle not exceed 4 days, they should follow a programme arranged by the country reviewed, and they should incorporate a final on-site meeting with domestic authorities in order to discuss any outstanding evaluation issues. See Art. 13(2)-(3) GRECO Statute and Rule 27 GRECO Rules of Procedure.

[12] Art. 14 GRECO Statute and Rule 28 GRECO Rules of Procedure.

[13] Ibid.

is discussed, examined and ultimately adopted, with or without amendments, by GRECO's Plenary.[14]

If the evaluation report contains recommendations for improvements brought to domestic laws and practices,[15] the member state, to which they are addressed, is required to comply with these and implement them fully (Wouters, Ryngaert and Cloots, 2013: 227).[16] Its implementation performance is assessed in the compliance procedure. The member state under review submits a 'situation report' to the GRECO and presents the measures taken to follow the recommendations made.[17] Subsequently, a compliance report is produced by two GRECO members selected for that purpose.[18] It indicates whether each recommendation has been *implemented satisfactorily, partly or has not been implemented*.[19] It also provides an overall conclusion on the implementation effort of the member state under scrutiny, the purpose of which is to decide whether or not to terminate the compliance procedure. The compliance report is presented, debated and adopted by GRECO's Plenary, after the member has had the opportunity to provide comments. If the recommendations put forward are found not to have been dealt with in a satisfactory manner, a second situation report is produced by the member state, leading in turn to a second compliance report for consideration and adoption by GRECO's Plenary.[20] The latter terminates the compliance procedure unless the GRECO asks for further information in relation to the implementation of the recommendations or takes the view that the member under scrutiny has not yet complied with these.[21]

Notably, if the first or second compliance report conclude that the response to the recommendations is 'globally unsatisfactory' - this essentially means that the member at issue has failed to implement most of the recommendations - GRECO's Rules of Procedure foresee a special 'non-compliance' procedure, aimed at exerting increased pressure for action by means of a graduated approach. This involves imposing requirements for the provision of periodic progress reports, sending letters to high-ranked state officials and eventually making arrangements for a high-level, on-site mission.[22] This non-compliance procedure can be terminated, after due

[14] Art. 15 GRECO Statute and Rule 29 GRECO Rules of Procedure.
[15] Art. 15(6) GRECO Statute and Rule 29(5) GRECO Rules of Procedure.
[16] Rule 30 GRECO Rules of Procedure.
[17] Ibid.
[18] Selection is based on criteria, such as involvement in the evaluation procedure and similarity of legal systems or geographical proximity with the member under scrutiny.
[19] Rules 31 and 31 revised GRECO Rules of Procedure.
[20] Rule 31 revised GRECO Rules of Procedure.
[21] Ibid.
[22] The procedure for dealing with non-complying members is as follows: (i) GRECO shall require the head of delegation of the non-complying member to provide a report or regular reports on its progress in implementing the relevant recommendations within a fixed time-frame. (ii) If the member concerned is still found to be in non-compliance with the recommendations made, GRECO shall apply one or several of the following measures: (a) the President of GRECO sending a letter, with a copy to the President of the Statutory Committee of GRECO, to the Head of Delegation concerned, drawing his/her attention to non-compliance with the relevant recommendations; (b) GRECO inviting the President of the Statutory Committee to send a letter to the Permanent Representative to the Council of Europe of the member concerned, drawing his/her attention to non-compliance with the relevant recommendations; (c) GRECO inviting the Secretary General of the Council of Europe to send a letter to the Minister of Foreign Affairs of the member State concerned, drawing his/her attention to non-compliance with the relevant recommendations. At any stage of the non-compliance procedure, GRECO may request the member concerned to receive a high-level mission (including the President and the Executive Secretary of GRECO, the Director General of Human Rights and Rule of Law and

account is taken of its effects and duration, with the publication of a declaration of non-compliance.[23] In the case of members that remain passive or engage in insufficient action in respect of the recommendations made, GRECO's Statutory Committee may also issue a public statement.[24]

Information gathered by the GRECO in relation to an evaluation or compliance procedure, including national officials' replies to the questionnaire, reports on a country visit and situation reports, are confidential.[25] This is also the case as regards the evaluation and compliance reports. However, GRECO may adopt a summary of the evaluation and compliance reports and make them public.[26] In addition, it may render the entire reports public, together with the comments of the member concerned, whenever requested to do so by that member.[27] In practice, GRECO cannot publish a report without the consent of the respective national government, which undermines efforts for transparency and may substantially weaken the role of evaluation and compliance reports as educational tools.

Peer review evaluation mechanisms may be beneficial if they have the capacity to point to obstacles that arise in the course of effecting change and to showcase solutions. Evaluation and compliance reports may inform states on the development of anti-corruption measures, highlight the difficulties encountered in the process and suggest ways to overcome these. Allowing country reports to remain confidential may counteract such functions (Morrissey, 2007: 188-189). Confidentiality may also hamper the mobilisation of a broader range of actors pressing forward with reform, especially civil society. It should therefore come as no surprise that GRECO commonly invites domestic authorities to authorise, as soon as possible, the publication of the evaluation and compliance reports, to translate them into the national language and to make this translation public. In general, governments agree to the publication sooner or later.

Broadly speaking, GRECO's peer-review monitoring mechanism plays a crucial role for the identification of shortcomings in national anti-corruption policies, raising awareness about and directing attention to necessary reforms of a legislative, institutional or practical nature. It also acts as a helpful platform for the exchange of experiences and the identification and sharing of best practices. This is so despite the fact that arguments have been put forward about it being a costly procedure (Wolf, 2010: 113), especially for members with small administrations, on account of the substantive resources that are required for the work that the GRECO carries out (e.g. sending experts to review states, participating in fact-finding missions and country visits, analysing draft evaluation and compliance reports, providing comments and so on). Interestingly, monitoring has progressively become more rigorous and robust by concentrating on an array of CoE anti-corruption standards (Wolf, 2010: 103, 105). GRECO's third evaluation round which focused, inter alia, on the CoE rules against corruption in the funding of political parties and electoral campaigns, testifies to its tendency for increased scrutiny.

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selected Heads of Delegation) with a view to reinforcing the importance of complying with the relevant recommendations.

[23] Rule 32 GRECO Rules of Procedure.

[24] Art. 16 GRECO Statute and Rule 33 GRECO Rules of Procedure.

[25] Art. 15(5) GRECO Statute and Rule 34 GRECO Rules of Procedure.

[26] Rule 34 GRECO Rules of Procedure.

[27] Ibid.

Launched in January 2007, the third evaluation round has offered a rich account of national regulations on political finance, revealing a wide variety of rules, policies and practices. The sub-themes that formed the object of evaluation were: a) the system of political finance in place, with attention given to public and private sources of funding as well as spending limits; b) transparency of political funding; c) the monitoring of political funding; and d) the enforcement of the funding rules in force. The evaluation procedure identified a number of deficiencies in the countries reviewed, addressed by tailored recommendations for reform, which were variably implemented Specifically as regards the EU member states, at the time of writing, the compliance remained open for most EU member states (see Table 1).

4. Council of Europe rules and norms around political financing

The issue of political party funding has been taken up at the third GRECO evaluation round, with reference to the Committee of Ministers' *Recommendation (2003) 4 on common rules against corruption in the funding of political parties and electoral campaigns* (Committee of Ministers, 2003). Before examining EU member states' compliance levels and implementation output, it is therefore essential to gauge a better understanding of the precise rules which formed the framework of GRECO's monitoring exercise, while also considering the specific questionnaire that was prepared for information gathering purposes (GRECO, 2006).

As a preliminary observation, it should be noted that principle no. 15 of the Committee of Ministers' twenty guiding principles for the fight against corruption is about encouraging 'the adoption, by elected representatives, of codes of conduct and promot[ing] rules for the financing of political parties and election campaigns which deter corruption' (Committee of Ministers, 1997). Recommendation (2003) 4 sets pan-European, yet minimum and not legally binding standards against corruption in the funding of political parties and electoral campaigns. It recommends that the governments of the member states adopt rules which are 'inspired' by the common rules it introduces, 'in so far as states do not already have particular laws, procedures or systems that provide effective and well-functioning alternatives', and instructs GRECO to monitor its implementation (Committee of Ministers, 2003: preamble).

The Recommendation addresses six main issue areas: a) external sources of funding; b) funding sources of election candidates and elected officials; c) electoral campaign expenditure; d) transparency; e) supervision; and f) sanctions. Its content encompasses nearly the entire remit of established international norms and standards in the area of political financing that have been established since 2000 (Speck and Baena Olabe 2013: 11). The provisions of the Recommendation concerning the first three areas were reflected in the general part of the questionnaire which was produced, complementing more general questions on the legal framework in the countries reviewed concerning political parties, their recognition, registration and status, participation in elections and representation in national assemblies, among other issues.

In more detail, with respect to the funding sources of political parties, the Recommendation recognises that political parties may enjoy support both from the state and its citizens on condition that the independence of political parties is not interfered with. States are required to provide support to political parties but objective,

fair and reasonable criteria must govern its distribution (art. 1). The rules on political parties' funding must apply *mutatis mutandis* to the funding of electoral campaigns of election candidates and the funding of political activities of elected representatives (art. 8).

Articles 3-7 of the Recommendation focus on private sources of political funding, namely donations. Donations from legal entities to political parties must be registered in the books and accounts of the legal entities concerned. States must take measures to limit, prohibit or otherwise strictly regulate donations from legal entities providing goods or services for any public administration as well as donations from foreign donors. Donations from legal entities under the control of the state or other public authorities must be prohibited. State measures must also provide rules to avoid secret donations; donations, especially when exceeding a fixed limit, must be made public. States must further consider the possibility of introducing rules limiting the value of donations to political parties and adopt measures to prevent established ceilings from being circumvented. Rules on donations must apply, as appropriate, to all entities which are related, directly or indirectly, to political parties or are otherwise under their control. As to electoral campaign expenditure, the Recommendation advocates measures to prevent political parties' excessive funding needs such as establishing limits on expenditure, and mandates states to require records to be kept of all expenditure, direct and indirect, on electoral campaigns in respect of political parties, lists of candidates and individual candidates (arts 9-10).

Against this background, the questionnaire contained questions on both direct and indirect public funding, the conditions which must be met in order to receive it and the method of its allocation. It also included questions on existing restrictions and/or limits on the acceptance of different sources of funding, such as party membership subscriptions, cash and non-cash donations, income from property, party business and fundraising activities, loans and so on. Particularly as regards private funding, a key issue was whether such funding may consist of contributions from anonymous sources, corporate entities, publicly held companies, entities which provide or seek to provide goods or services to public administration, foreign sources, non-profit organisations, legacies and trusts. The GRECO questionnaire also incorporated questions on existing limits with regard to the amount, size and periodicity of contributions from private parties; and on quantitative and qualitative restrictions concerning the expenditure of political parties, entities related, directly or indirectly, to them or otherwise under their control; affiliated bodies; electoral campaigns; referenda; and election candidates.

The questionnaire's specific part mirrored the Recommendation's provisions on transparency, supervision and sanctions. On the issue of transparency, the Recommendation stipulates that states must require both political parties and all entities which are related, directly or indirectly, to them or are otherwise under their control to keep proper books and accounts (art. 11). Political parties' accounts must be consolidated to include, as appropriate, the accounts of all the entities that are connected to them. They should list all donations received, specifying the nature and value of each donation, they should identify donors in case of donations of a certain value and they should be regularly, and at least annually, made public (arts 12-13).

On this basis, the transparency questions of the questionnaire addressed domestic rules and practices for the keeping of books, records and accounts. Accounts must include the income and expenditure of political parties, but also of the entities

related to them or under their control, affiliated organisations, electoral campaigns and election candidates. National authorities should afford attention in particular to the nature, value and type of income and expenditure to be recorded, the level of detail in reporting (including reporting on the identity of donors and other contributors), and the way of registering and recording loans and contributions in kind. Consideration should also be given on whether expenditure made by organisations related to a political party is included in political parties' accounts; whether a distinction is drawn between regular income/expenditure on the one hand and income/expenditure for election campaigns on the other; and whether audited accounts are required. Information should additionally be gathered on any recording and reporting requirements imposed on contributors themselves, the publication of financial records (covering the frequency, format and content of publication), and the procedures available for gaining access to financial records, especially for law enforcement, prosecutorial and tax authorities.

As far as supervision is concerned, the Recommendation pronounces in article 14 that states must provide for independent monitoring in respect of the funding of political parties and electoral campaigns, covering supervision over their accounts and the expenses involved in election campaigns as well as their presentation and publication.[28] In consequence, the questionnaire placed emphasis on the extent to which internal audits are required for the accounts of political parties, entities related to them or under their control, affiliated organisations, electoral campaigns and election candidates, and the procedures for the selection of auditors. It also invited national governments to provide information on the authorities assigned with monitoring tasks, in regard to their structure, organisation, funding, composition, remit, powers, resources, independence and accountability; on the cooperation of supervisory bodies with other actors such as law enforcement authorities; and on the procedures followed if suspected infringements of political financing regulations are encountered. Information was also requested on the number of investigations, prosecutions and convictions and the type of cases dealt within the framework of political funding supervision and/or law enforcement since 1996.

Turning to sanctions, the Recommendation mandates authorities to introduce effective, proportionate and dissuasive sanctions for the infringement of rules concerning the funding of political parties and electoral campaigns (art. 16). Accordingly, the questionnaire invited national authorities to present the type of sanctions foreseen for violations of different political financing laws and regulations, with due account taken of administrative, civil and criminal liability. Replies to the questionnaire should indicate the bodies responsible for imposing sanctions, inform on whom these sanctions could be inflicted (i.e. political parties, individuals, etc.), and explain existing rules on statutes of limitation. Information should also be collected on available immunities for elected representatives or election candidates which allow them to avoid proceedings or sanctions for breach of political funding rules. Statistics concerning the imposition of sanctions should also be channeled to GRECO.

The rather abstract standards set out in the Recommendation, in recognition of member states' specificities concerning domestic approaches to the fight against

[28] The Recommendation also makes provision in article 15 for specialised personnel in the fight against illegal funding of political parties and electoral campaigns. Article 15 did not form part of the provisions selected for GRECO's monitoring.

corruption and their diverse political cultures, have not thwarted the preparation of a demanding and rather detailed questionnaire probing their implementation. The questionnaire addressed a broad range of topics which were considered to come within the scope of the Recommendation At the same time the questionnaire has sought to cater for variation in national regulatory choices and practices. It was drafted and used as a roadmap to chart the characteristics and functioning of each national political funding system, but not as a blueprint for what this system should look like in each country. This did not hamper the development of a common analytical approach for the monitoring of GRECO's members, which is evident in the structure and content of the various evaluation and compliance reports that were produced. Such a common analytical approach has also been facilitated by the preparation of guidelines for the evaluators' on-site visits (Secretariat, 2007). Without purporting to be exhaustive, these have signaled a number of issues to which evaluators should be particularly attentive during their discussions with domestic authorities and other national actors. Needless to say, the development of a common analytical approach is crucial when one seeks to evaluate compliance with international rules that create scope for significant discretion at the national level. It is a precondition for vigorous evaluation results, upon which researchers can subsequently draw to explore and analyse patterns of congruence with national norms– what this study purports essentially to do.

5. Research methodology: coding and measuring compliance

In this study, we are specifically interested in the degree of compliance with international law that results in the process of European monitoring as EU member states introduce new or reform existing laws and practices in response to the recommendations that the GRECO addresses to each state. In devising a scheme to measure state compliance with CoE norms around party and campaign financing, we took into account the key observation that a state's compliance with international law may be a mere reflection of the legal standard grafted onto a treaty or a recommendation (Raustiala, 2000: 397). If this legal standard embedded in an international convention is based on the lowest common denominator, it is likely that many states already comply with it even before any pressure is applied or before any monitoring takes place. This happens because a low standard is likely to already be incorporated in the legal systems of a significant number of states.

International treaties and conventions often reflect the lowest common denominator and codify existing practice. They are products of inter-governmental negotiations that are successfully concluded largely upon achieving a consensus. In so far as an international legal standard matches a state's current practice, compliance is incidental, it is achieved with limited domestic action and reform or without any reform at all. Therefore, assessing mere conformity of national rules and regulations with a set of international norms says nothing about the influence of these norms and the organisations that promote these norms over national law. It may be that such conformity is entirely unrelated to a state's ratification of a convention and/or to its monitoring and supervision by an international body (Raustiala, 2000: 393).

In order to specifically explore the impact of the GRECO monitoring on state compliance with the CoE Recommendation (2003) 4 on political financing and the relevant norms contained therein, we opted for a research design that would *isolate*

incidental or a priori compliance. We measured the degree of domestic compliance with the relevant CoE 2003 Recommendation *before and after* the supervision and monitoring performed by the GRECO in all EU-28. For each of the 28 member states, we made two separate measurements: (a) we measured the appropriateness of the national anti-corruption frame (in terms of a basic set of legal rules and policy standards/orientations) existing prior to European monitoring on the basis of the country *evaluation reports* that the GRECO compiles at the start of its monitoring as part of its evaluation procedure, and (b) we measured the changes and improvements that have taken place in the course of the CoE monitoring, on the basis of the various *compliance reports* that were produced per country reviewed (i.e. first compliance reports, interim compliance reports, and final compliance reports, consisting in most cases of second compliance reports and addendums to second compliance reports) as part of the compliance procedure.[29]

By means of the compliance procedure as explained in the previous section, the GRECO periodically evaluates the responses and actions of national authorities in response to the recommendations made, and which are contained in the country evaluation reports. In order to verify, cross-check and occasionally complement the information that we drew from the GRECO national reports, we secondarily consulted existing sources of data, such as the database of the International Institute for Democracy and Electoral Assistance (IDEA).[30]

In order to measure state compliance with the CoE norms and standards of political financing, we created a questionnaire that checks whether states have in place a given set of rules and standards (as these are elaborated in the relevant 2003 Recommendation) to regulate political financing in the following areas: public funding, bans and limits on private funding, spending limits in relation to election campaigns, reporting and transparency, institutional monitoring and oversight and sanctions. We also assigned marks for each question on the rules and standards in place, which add up to a total score for each of the 28 member states. The score ranges from a low of 0 to a maximum of 62 that a country can accumulate depending on its regulatory frame of party and campaign financing. We then assessed the degree of state compliance with CoE norms on the basis of improvements in the national regulatory frame of political financing, by measuring the difference between the compliance score at the end of the compliance procedure and the compliance score at the end of the evaluation procedure: the higher the difference between the two, the greater the improvement brought about in the course of the GRECO monitoring.

The questions about the existence of various rules, norms and standards that we asked for each country are uniform and capture a fairly comprehensive array of rules and practices that make up a *basic* regulatory frame and also touch upon its implementation. In coding the adoption and implementation of international norms on political party funding at the national level, we have been confronted with the dilemma, on the one hand of going into sufficient detail in order to capture the differences in the application and practice of the relevant norms, and on the other hand, the difficulty of generating such detailed knowledge and information, as well as in coding it in a uniform and standardised manner across all 28 EU countries. It is

[29] The evaluation and compliance reports can be found at: https://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/ReportsRound3_en.asp.

[30] The political finance database of the Institute for Democracy and Electoral Assistance (IDEA) is available at http://www.idea.int/political-finance/index.cfm.

therefore essential to clarify here that our coding scheme captures the extent to which a state has put in place a basic or minimum regulatory frame that is compliant with the CoE norms; it does not capture how extensive or comprehensive are the legal rules that EU states have introduced to manage corruption in political financing. In this regard, our measurement is different from that employed by earlier studies that have sought to capture the comprehensiveness of anti-corruption legislation and the extent to which it comprises an all-embracing set of rules and regulations (Dorhoi, 2007).

The reason that we opted for a basic rather than a comprehensive scheme of compliance with regulatory anti-corruption norms is two-fold. In the first place, we take seriously arguments that question the assumption that more regulation is better for fighting against corruption. Such an assumption has been strongly challenged by those who see the proliferation of legal and regulatory rules to be counter-productive, paradoxically often becoming a breeding ground for abuse rather than a means for disentangling corruption (Krishnan, 2014: 21).[31]

The coding scheme that we have created to measure state regulation of political financing and state compliance with the respective norms promoted by the GRECO covers breadth at the expense of depth. For instance, our assessment tool asks whether political parties have an obligation to report on their finances. It is clear that even when they do, the details of reporting matter, in fact, they make a big difference. It matters greatly whether the obligation to report is limited to disclosing the total amount that political parties receive from private donors in an aggregated fashion, or whether it is as extensive as to include reports identifying all individual donations. Our assessment tool does not capture these details because this would have drawn us into the particular national context of each country; consequently, it would have been impossible to quantify the degree to which a basic regulatory frame across the EU-28 exists.

Secondly, the more details we would seek to code in regard to the various measures aimed to control private donations, to ensure transparency, etc. in each country, the less likely it would be to identify answers in the same set of questions that we would pose across all countries. The complexity of rules and regulations in each case, and their distinctive manifestation in the different countries, made it difficult to develop a detailed, comprehensive and quantifiable set of criteria along which to measure international norm compliance in the regulation of political financing across the EU-28 in light of the information available in the various GRECO reports. A related reason for which we decided to employ a basic scheme of rules and norms in political financing is that how existing rules operate and are implemented is thoroughly context specific; as already mentioned earlier, their effects cannot be understood independently from their respective political, social and cultural context in each country.

In developing a coding scheme to measure the extent to which a basic national legal and policy frame for regulating political financing exists, we also grappled with the difficulty of distinguishing rules and practices that at the outset can be said to promote or conversely undermine effective regulation and control of illicit funding practices. While the 2003 Recommendation of the CoE establishes certain guidelines,

[31] Countries with more political finance rules such as Greece, Spain or Portugal are perceived to be plagued by higher levels of political corruption than countries with considerably less rigorous regulation such as Denmark, Sweden or the Netherlands (Piccio, 2014: 208).

most practices and rules do not in and of themselves ensure an effective control outcome; instead, their effectiveness largely depends on how they are applied and practiced in different countries, as well as in the details that define each rule. For instance, public funding of parties is considered as a desirable policy because it helps weaken reliance on private donors and the risk of undue influence by powerful interests over politics. At the same time, overwhelming dependence of political parties on public funding may not be desirable as it runs another risk, that of creating strong dependencies of political parties on the state, thereby undermining fair political competition, and promoting privileged ties because governing parties and the state. Whether public funding helps reduce dependence on powerful donors while also maintain fairness in political competition depends on how it is distributed among old and new political parties and candidates.

Furthermore, the existence of various kinds of bans or limits, i.e. on political parties' or campaign spending, on corporate donations or on individual donations during a certain period of time, is not in itself conducive to restricting illicit funding practices. The effectiveness of such limits in reducing the risk for such practices depends on how high the limits are set, the reporting requirements to which they are associated and the quality and rigor of their monitoring. In sum, the existence of particular measures or rules of control does not say much about how effectively political financing is regulated, unless we closely consider how the combination of the different measures and rules operates in practice.

Our assessment through a standardised questionnaire partly differs from the kind of evaluation and monitoring, in which the GRECO engaged. In formulating its specific recommendations for reform, the GRECO also took into account the national context of each country, to locate where the problems lied and to search how to redress them in accordance with the legal and normative rules that it had in its arsenal. Therefore, the questions on the basis of which we assessed compliance are not directly or necessarily associated with every single recommendation that the GRECO addressed in each of the 28 EU member states. National reforms in response to one recommendation may affect the score for more than one rules, whose existence or lack of it we record in our questionnaire for each EU member state. At the same time, the changes that national authorities undertake in the course of monitoring may very well go beyond what the GRECO recommendations require.[32]

What we capture with the second measurement is whether and the extent to which the GRECO recommendations and its monitoring results in the improvement of the basic regulatory frame that each Member State has to control party and campaign financing. Our assessment does not capture whether and how the GRECO monitoring helps a state complete or reform each issue area (or fails to do so) that is targeted by each single recommendation made. Furthermore, even though national authorities in a country may have introduced significant legislative changes, sometimes it may be premature to detect these changes and thus capture these in the score of our 2nd measurement. This is particularly the case with respect to newly established monitoring bodies (i.e. as in Italy), which did not have much time to operate and thus show how independent they are or whether they are sufficiently endowed with

[32] For example, this was the case in Ireland in regard to the changes it introduced to its legal framework with a view to restricting 'the unhealthy role that large-scale corporate funding could play in politics' (*Compliance report on Ireland -Transparency of Party Funding*, adopted by GRECO at its 53rd Plenary Meeting, Strasbourg, 5-9 December 2011, para. 35). The changes were not strictly related to a specific Greco recommendation.

resources and competences.[33] Due to all these limitations in our quantitative assessment, in the second part of this study, we additionally engage in a qualitative assessment of *state compliance* and *implementation* of CoE anti-corruption norms in political financing. We explore some of the factors that appear to facilitate, or conversely to obstruct compliance and implementation. Overall, the quantitative scheme that we devise to measure national regulatory frames across EU member states reflects a far more comprehensive and nuanced method of quantification presented in any other study so far, and it covers all 28 EU member states, rather than only some of them (see van Biezen & Casal Bértoa, 2014).

6. Overview of findings: compliance

The results of our assessment of a) EU member states' (MS) compliance with the CoE norms on political financing, and b) the extent to which the regulatory frame that they have in place is congruent with these norms, are mixed and variable. As it is already described in the previous section, we measured the progress achieved by each state as the difference between a) the score reflecting a country's regulatory frame by September 2015 (following the reforms undertaken in response to the monitoring performed until that date) and b) the score reflecting the original regulatory frame as it had been evaluated by the GRECO at the start of this evaluation round. The level of compliance with the CoE norms, the progress that EU member states made in the course of the monitoring process by the GRECO, and the convergence of national regulatory frames with European norms around political financing all vary greatly across the EU-28.

At the outset, it must be noted that the third round of evaluation and monitoring by the GRECO, of which political finance regulation is a part, is not yet completed. In fact, the monitoring process remains open for 15 EU member states (as of September 2015), which the GRECO has invited to pursue further reforms in response to its recommendations (see Table 1). On the other hand, the GRECO has terminated its monitoring in 13 member states following the satisfactory implementation of the recommendations addressed to them. It can be observed that most of the countries that remain under the GRECO monitoring started this round relatively late (from 2010 onwards), while all of the states that have completed this round had started earlier (in 2008-2009). However, while some states started early this monitoring round (prior to 2010) they have made very limited progress until today (i.e. France, Malta), or they have made significant progress but their regulatory frame is still far from convergent with the CoE norms (i.e. Sweden). These states, therefore, remain under GRECO monitoring. In so long as the GRECO monitoring is ongoing, our results cannot but be tentative (based on the compliance reports and their addenda adopted until September 2015). Our second measurement as it currently stands does not capture how the final configuration of regulatory tools across the EU will look like once the third round monitoring cycle is fully completed. The score for each EU country, for which the monitoring process is still ongoing, will have to be revised as new compliance reports are adopted and once the GRECO terminates its monitoring for all EU states.

[33] *Compliance report on Italy -Transparency of Party Funding*, adopted by GRECO at its 64th Plenary Meeting, Strasbourg, 16-20 June 2014, paras 74-77.

At the start of the GRECO evaluation and monitoring, EU MS already had a regulatory frame in place – an average score of 30.3, which in the course of the monitoring had improved to an average score of 37.8 (as of September 2015). There is no state without any regulations (thus with a 0 score) and there is no state that has the full set of rules in place (thus a score of 62). At the same time, at the start of the GRECO monitoring, variation in the regulatory frame across EU member states was very large. It ranged from countries with very limited restrictions, such as the Netherlands and Sweden (10.5 and 13, respectively), to countries with a thorough set of regulatory rules such as Poland and Portugal (50.5 and 49.5, respectively). While it has partly narrowed in the course of GRECO monitoring, such cross-country variation has remained significant. This shows that a perceived trend of harmonisation of political finance regulation in Europe (Piccio, 2014: 208) has at best only limitedly been taking place.

Table 1: Overview of results

	COUNTRIES	Sources of Income	Limits on private funding	Regulations on spending	Accounts, audits, transparency	Supervisory bodies	Sanctions	TOTAL INITIAL SCORE	INITIAL DEGREE OF REGULATION	TOTAL POST-MONITORING SCORE (September 2015)	REGULATORY ADJUSTMENT SCORE (RAS)	POST-MONITORING DEGREE OF REGULATION	MONITORING STATUS (OPEN/ CLOSED)
1	**Austria**	3 -- 3	5 -- 8	0 -- 2	7 -- 13	3 -- 7	1.5 -- 2.5	19,5	low	35,5	16	medium	OPEN
2	**Belgium**	3 -- 3	10 -- 10	2 -- 2	10 -- 12	1 -- 1	1 -- 2	27	low	30	3	medium	OPEN
3	**Bulgaria**	4 -- 4	13 -- 15	2 -- 2	9 -- 14	6 -- 9	2 -- 3	36	medium	47	11	high	OPEN
4	**Croatia**	4 -- 4	16 -- 17	0 -- 0	9 -- 16	2 -- 9	1.5 -- 2	32,5	medium	48	15,5	high	CLOSED
5	**Cyprus**	5 -- 5	7 -- 10	1 -- 1	3 -- 15	0 -- 4	1.5 -- 1.5	17,5	low	36,5	19	medium	OPEN
6	**Czech Republic**	4 -- 4	7 -- 7	0 -- 0	10 -- 10	1 -- 1	2 -- 2	24	low	24	0	low	OPEN
7	**Denmark**	4 -- 4	2 -- 2	0 -- 0	7 -- 7	1 -- 1	3 -- 3	17	low	17	0	low	OPEN
8	**Estonia**	4 -- 4	9 -- 9	0 -- 0	9 -- 17	1 -- 6	1.5 -- 3.5	24,5	low	39,5	15	medium	CLOSED
9	**Finland**	4 -- 4	3 -- 7	0 -- 0	8 -- 16	2 -- 7	0.5 -- 1.5	17,5	low	35,5	18	medium	CLOSED
10	**France**	5 -- 5	15 -- 16	1 -- 1	9 -- 10	6 -- 6	3 -- 3	39	medium	41	2	medium	OPEN
11	**Germany**	3 -- 3	6 -- 6	0 -- 0	12 -- 12	1 -- 1	2 -- 2	24	low	24	0	low	OPEN

12	**Greece**	5 -- 5	17 -- 17	2 -- 2	7 -- 7	3 -- 3	2 -- 2	36	medium	36	0	medium	OPEN
13	**Hungary**	5 -- 5	9 -- 12	1 --2	7 -- 7	7 -- 7	3 -- 3	32	medium	36	4	medium	OPEN
14	**Ireland**	5 -- 5	7 -- 10	1 -- 1	10 -- 14	7 -- 7	3.5 -- 3.5	33,5	medium	40,5	7	medium	CLOSED
15	**Italy**	5 -- 5	9 -- 9	2 -- 2	10 -- 15	4 -- 5	2.5 -- 2.5	32,5	medium	38,5	6	medium	OPEN
16	**Latvia**	4 -- 4	20 -- 20	2 -- 2	12 -- 15	5 -- 6	4 -- 6	47	high	53	6	high	CLOSED
17	**Lithuania**	5 -- 5	14 -- 19	2 -- 2	9 -- 15	3 -- 7	5 -- 5	38	medium	53	15	high	CLOSED
18	**Luxembourg**	3 -- 3	15 -- 15	0 -- 0	8 -- 11	5 -- 7	1.5 -- 1.5	32,5	medium	37,5	5	medium	CLOSED
19	**Malta**	3 -- 3	7 -- 7	1 -- 1	2 -- 2	1 -- 1	3.5 -- 3.5	17,5	low	17,5	0	low	OPEN
20	**Netherlands**	3 -- 3	1 -- 3	0 -- 0	4 -- 9	1 -- 2	1.5 -- 3.5	10,5	low	20,5	10	low	CLOSED
21	**Poland**	5 -- 5	18 -- 20	2 -- 2	15 -- 16	5 -- 10	5.5 -- 5.5	50,5	high	58,5	8	high	CLOSED
22	**Portugal**	4 -- 4	21 -- 21	2 -- 2	11 -- 13	8 -- 10	3.5 -- 5.5	49,5	high	55,5	6	high	CLOSED
23	**Romania**	6 -- 6	13 -- 13	2 -- 2	10 -- 11	4 -- 5	3.5 -- 3.5	38,5	medium	40,5	2	medium	OPEN
24	**Slovakia**	5 -- 5	7 -- 7	1 -- 2	13 -- 15	2 -- 5	2.5 -- 4.5	30,5	low	38,5	8	medium	CLOSED
25	**Slovenia**	5 -- 5	13 -- 18	2 -- 2	10 -- 17	5 -- 8	1 -- 3.5	36	medium	53,5	17,5	high	CLOSED
26	**Spain**	5 -- 5	9 -- 9	1 -- 1	8 -- 11	7 -- 9	3.5 -- 3.5	33,5	medium	38,5	5	medium	OPEN
27	**Sweden**	4 -- 4	1 -- 1	0 -- 0	7 -- 12	0 -- 3	1 -- 2	13	low	22	9	low	OPEN
28	**United Kingdom**	3 -- 3	7 -- 7	2 -- 2	13 -- 14	9 -- 10	5,5 -- 5,5	39,5	medium	41,5	2	medium	CLOSED

Table 2 below shows that the sample of our country cases is well-dispersed. This table also shows us that the average progress achieved by EU countries in the course of monitoring in instituting an appropriate regulatory frame to combat corruption in political financing has been limited: countries expanded their regulatory frame in response to GRECO monitoring from an average of 30.32 to an average of 37.82. The small amount of progress achieved overall is visually depicted in the scatter plot below (Graph 1), where we see which countries performed above and below the average degree of progress achieved overall.

Graph 1: Regulatory adjustment score (progress EU countries achieved in the course of GRECO monitoring)

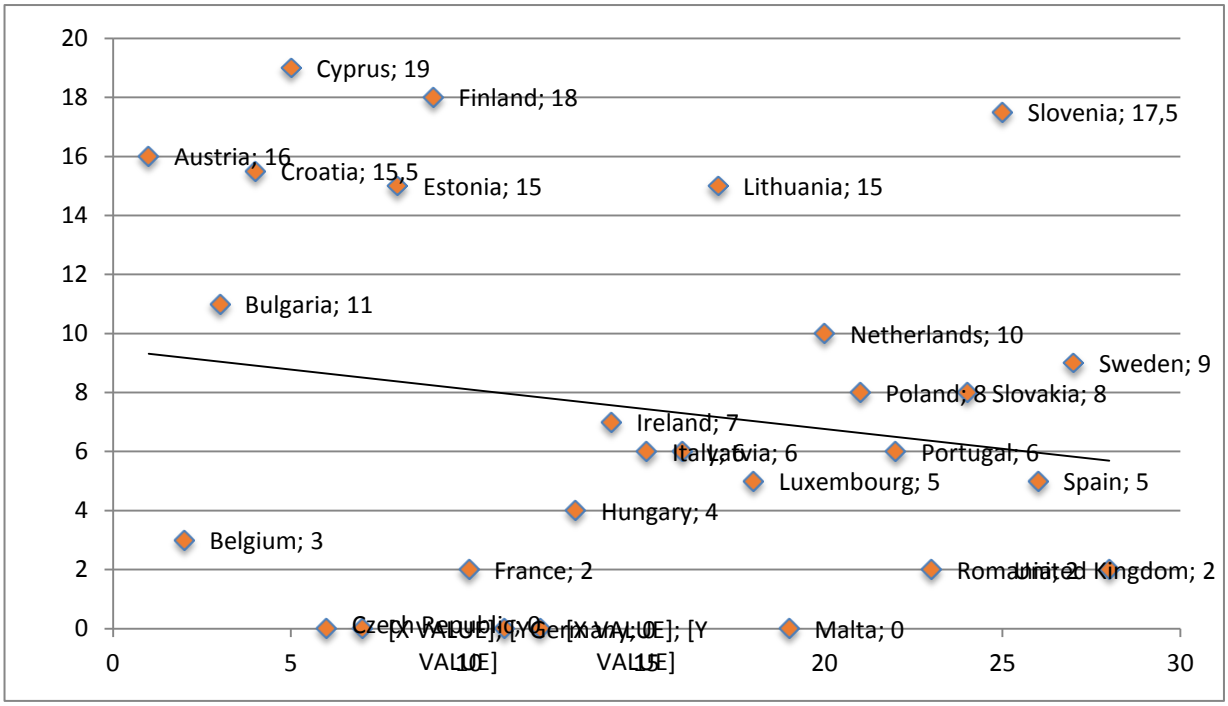

Table 2: Paired samples statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	TOTAL POST-MONITORING SCORE (September 2015)	37,8214	28	11,44408	2,16273
	TOTAL INITIAL SCORE	30,3214	28	10,67726	2,01781

The limited progress in the expansion of national regulatory frames in the area of political financing also becomes evident in Table 3 below. The correlation of 0.845 shows that those countries that had a high score in the existence of regulations at the beginning of the monitoring maintain it after the monitoring, which is expected. At the same time though, countries that had a low score in the existence of a regulatory frame for political financing also tend to have a low score after the monitoring. Overall, these results suggest that the tendency of states is to undertake a small amount of reforms and legal adjustments in response to GRECO supervision, including those states in which there was much room for augmenting their limited set of regulatory standards and tools.

Table 3: Paired samples correlations

		N	Correlation	Sig.
Pair 1	TOTAL POST-MONITORING SCORE (September 2015) & TOTAL INITIAL SCORE	28	,845	,000

In order to check whether and the extent to which the EU states shifted to a higher level of regulation in the course of GRECO monitoring, we did a cross-tabulation (see Table 4). Based on the score of each country's laws and rules in political financing after the monitoring, we divided the EU-28 into three groups of high (46-63), medium (31-45) and low (0-30) regulation. Table 4 below confirms that GRECO monitoring has prompted EU states to undertake some reforms in the area of controlling political financing, which, however far from amount to a dramatic change in their respective institutional-legal frame. We see that half of the states (50%) that had a low regulatory frame continued to have a low level of regulation after the monitoring; these are the Czech Republic, Denmark, Germany, Malta, the Netherlands and Sweden (see Table 5). It is in this subgroup of countries that we encounter nearly all of the states that have been completely unresponsive to GRECO recommendations, having made no changes until the date of study (September 2015; these are the Czech Republic, Denmark, Germany, and Malta). These countries that showed no compliance are those characterised by a highly or partially unregulated system of political financing (except Greece that has a moderately developed legal and institutional frame, but which also did not show any compliance until September 2015). The other half of low regulation countries shifted from a low to a medium level of regulation: Austria, Belgium, Cyprus, Estonia, Finland, and Slovakia. No country from this subgroup of low regulation countries advanced to a high degree of regulation, confirming our broader observation that the GRECO monitoring led to no dramatic or notable shifts in national regulatory frames.

Table 4: Level of regulation before and after GRECO monitoring

			group3post			
			high	low	medium	Total
group3init	hig	Count	3	0	0	3
		% within group3init	100,0%	,0%	,0%	100,0%
	low	Count	0	6	6	12
		% within group3init	,0%	50,0%	50,0%	100,0%
	med	Count	4	0	9	13
		% within group3init	30,8%	,0%	69,2%	100,0%
Total		Count	7	6	15	28
		% within group3init	25,0%	21,4%	53,6%	100,0%

Among the EU states with a medium regulatory frame at the start of the GRECO monitoring, nearly 70% (69.2%) maintained the same level of medium regulation in the course, or after the end of the monitoring: France, Greece, Hungary, Ireland, Italy, Luxembourg, Romania, Spain, and the United Kingdom. Only 30.8% of medium regulation countries bolstered their remit of rules as to establish a high degree of regulation of political financing: Bulgaria, Croatia, Lithuania, and Slovenia. There are also three countries that reformed and expanded an already highly developed regulatory frame: Latvia, Poland, and Portugal (see Table 4). The GRECO monitoring on political financing is more likely to have some impact in countries where a basic frame of rules and standards is underdeveloped or lacking.[34] Such were the cases of Austria, Finland, Estonia or Cyprus, and to a lesser extent Sweden and the Netherlands.

Without any doubt, CoE anticorruption soft law and monitoring mechanisms have influenced many national policies which aim to fight corruption. The country reports of GRECO show that member states have formally implemented numerous provisions, even as significant regulatory gaps in a number of countries remain. The overall result of the GRECO monitoring on EU member states is that the majority of

[34] There are exceptions here though, as Denmark, where the GRECO has so far been unable to promote any reforms, despite the fact that the domestic regulations have been very limited.

them (19) have acquired a moderately developed legal-institutional frame to control political financing. By the time our study was conducted (September 2015) after more than six years of GRECO monitoring in the area of political financing, a little more than half of the EU states (53.6%) had a medium level of regulation, 21.4% a low level of regulation, and 25% a high degree of regulation. Six out of the seven countries with a high degree of regulation are ex-communist states from Central-East Europe and the Baltic states: Bulgaria, Croatia, Lithuania, Slovenia, Latvia, and Poland (Portugal is the other state in this subgroup).

Table 5: Levels of political finance regulation in the EU-28 in the course of GRECO monitoring (2008-2015)

Pre-monitoring regulatory frame	**Post-monitoring regulatory frame**	**Number of countries**	**Countries**
LOW	LOW	6	Czech Republic, Denmark, Germany, Malta, Netherlands, Sweden
	MEDIUM	6	Austria, Belgium, Cyprus, Estonia, Finland, Slovakia
MEDIUM	MEDIUM	9	France, Greece, Hungary, Ireland, Italy, Luxembourg, Romania, Spain, United Kingdom
	HIGH	4	Bulgaria, Croatia, Lithuania, Slovenia
HIGH	HIGH	3	Latvia, Poland, Portugal

Interestingly, we observe that in terms of the different aspects of regulation, the greatest impact of the GRECO in pressuring states to undertake reforms or institute new measures was a) in regard to the reporting of accounts, audits and transparency, and b) in designating relatively independent supervisory bodies and in granting them particular powers and resources. Lesser but still significant has been the impact of the GRECO in impelling states to strengthen restrictions on private funding, and to adopt more effective, dissuasive and proportionate sanctions. Finally, the GRECO monitoring has had virtually no impact in influencing the sources of party and/or candidates' income that are legal in each country, as well as in changing existing regulations on campaign spending. In large part, the reason for this is that all EU states had already had in place a system of public funding of political parties and/or candidates, along with some forms of indirect funding (i.e. subsidised media,

tax relief, or free postage).[35] Many countries have also had limits on spending of political parties and candidates, while on those that did not have such limits (Croatia, Denmark, Estonia, Finland, Germany, Luxembourg, Netherlands, Sweden), the pressure from GRECO to introduce such limits was small to non-existent. It is only in Austria and Slovakia where the GRECO monitoring led to the introduction of spending limits.

What does a medium or high score in the regulatory rules and standards in political financing tell us about the ability of a country to control corruption? There is no indicator for control of corruption specifically in the area of party and campaign financing, but there is a broader indicator of how well states perform in controlling corruption, namely the World Bank's Control of Corruption (CoC) Indicator.[36] This indicator measures the extent to which public power is exercised for private grain, including both petty and grand forms of corruption, as well as 'capture' of the state by elites and private interests. It also measures the strength and effectiveness of a country's policy and institutional framework to prevent and combat corruption. A first glance at the values of CoC for EU member states suggests that there is no clear relationship between a country's level of regulation in political financing and its ability to control corruption overall (Table 6). At the same time though, a closer perusal of our data alongside the CoC scores suggests that the level of regulation is not irrelevant about how capable a country is in controlling corruption.

Notably, however, the relationship between level of regulation and CoC is inverse: countries that are rated as good performers in their ability to control corruption tend to have a low or medium level of regulation in political financing. In other words, the top performers in the CoC among EU member states mostly had and maintained either a low level of regulation and some a medium level of regulation. On the other hand, countries that are characterised by a poor ability to control corruption have had in place a host of rules and standards that amount to medium and high levels of regulation. In fact, nearly all the EU countries that do worse in the CoC ranking have a score of regulation over 35 (medium or high), with the exception of the Czech Republic that has a low level of regulation (and still performing poorly in CoC). In other words, nearly all EU countries with an elaborate set of rules and restrictions in the area of political financing in place are still laggards in corruption control. What this analysis suggests is that a moderate level of regulation is a necessary but not sufficient condition in enabling a country to control corruption, and that high levels of regulation are likely to be counter-productive.

[35] Latvia and Malta have only indirect public funding.

[36] Control of Corruption (CoC) is one of the World Bank's Global Governance Indicators. For an overview of these, see http://info.worldbank.org/governance/wgi/index.aspx#home.

Table 6: Regulatory frame on political financing and ability to control corruption

EU Countries	Pre-monitoring score	Pre-monitoring level of regulation	Post-monitoring score	Post-monitoring level of regulation	Control of Corruption (CoC)[37]	Ability to control corruption [38]
Austria	19,5	low	35,5	medium	8,05	Good
Belgium	27	low	30	medium	6,69	Partial
Bulgaria	36	medium	47	high	1,39	Poor
Croatia	32,5	medium	48	high	2,02	Poor
Cyprus	17,5	low	36,5	medium	5,79	Partial
Czech Republic	24	low	24	low	3,15	Poor
Denmark	17	low	17	low	9,95	Good
Estonia	24,5	low	39,5	medium	4,78	Partial
Finland	17,5	low	35,5	medium	9,75	Good
France	39	medium	41	medium	6,5	Partial
Germany	24	low	24	low	8,07	Good
Greece	36	medium	36	medium	2,81	Poor
Hungary	32	medium	36	medium	3,58	Poor
Ireland	33,5	medium	40,5	medium	7,19	Good
Italy	32,5	medium	38,5	medium	3	Poor
Latvia	47	high	53	high	2,33	Poor
Lithuania	38	medium	53	high	2,66	Poor
Luxembourg	32,5	medium	37,5	medium	8,55	Good
Malta	17,5	low	17,5	low	4,94	Partial
Netherlands	10,5	low	20,5	low	8,99	Good
Poland	50,5	high	58,5	high	3,37	Poor
Portugal	49,5	high	55,5	high	5,61	Partial
Romania	38,5	medium	40,5	medium	1,2	Poor
Slovakia	30,5	low	38,5	medium	2,78	Poor
Slovenia	36	medium	53,5	high	5,01	Partial
Spain	33,5	medium	38,5	medium	5,69	Partial
Sweden	13	low	22	low	9,37	Good
United Kingdom	39,5	medium	41,5	medium	8,09	Good

[37] These values are the mean scores of the Control of Corruption by country for the period 1996-2014.
[38] The ability to control corruption is based on the categorisation of EU countries between good control (CoC score between 7-10), partial control (score between 4-7) and poor control (CoC score between 1-4).

7. What factors influence compliance (or lack of it) and the implementation of the adopted laws and rules?

In response to the GRECO recommendations, national authorities have exhibited highly variable degrees of compliance, as the results presented above show. In so far as states complied with the recommendations, they largely did so through legislative reform, adopting new or amending existing laws and provisions on elections and political parties. In the first place, the domestic political context strongly conditions whether or not states comply with the GRECO recommendations. While the GRECO evaluation and compliance reports are largely technical in nature, in some parts they are revealing about domestic politics. It is possible to discern that the lack of agreement among decision-makers and political parties on whether and how to respond to the GRECO recommendations was a central impediment in achieving compliance. In countries where a basic or more elaborate regulatory frame was already in place, which encompass Germany, France, Belgium and the United Kingdom, resistance against the GRECO recommendations and reluctance to reform, or limited reform progress, have been most pronounced. For instance, in the United Kingdom, the issue of party finance reform had emerged as highly salient in the 1990s, and in 1999 a sweeping reform had been introduced by the Labour government under pressure by public opinion influenced by a number of 'sleaze' scandals affecting both the Conservatives and the Labour party (Scarrow, 2004: 668).

Domestic political discord and resistance was a main obstacle and factor explaining the very limited (i.e. Belgium) or no compliance exhibited by countries such as Denmark, the Czech Republic, France, Greece, Germany. It has acted as a powerful barrier to reforming the system of party and campaign financing. In Greece and in the Czech Republic the lack of political consensus among parties was exacerbated by frequent changes in government in the period 2009-2015. In Germany, the resistance to giving attention to the GRECO recommendations was particularly strong, linked to political disagreement between the government and opposition parliamentary groups.[39] Claiming that in Germany, existing legislation already addressed the GRECO concerns, national and government authorities have thoroughly opposed adherence with the respective recommendations.

In Cyprus, the GRECO reports that it was critically difficult to obtain political consensus for the introduction of party financing regulations, particularly in respect of the financing coming from the private sector. While political parties in parliament did reach an agreement and introduced for the first time some regulations on private funding of political parties with the 2011 Political Parties Law, further reforms in regard to regulating private sources of funding have been slow and difficult to advance.[40] Domestic political opposition or reluctance to comply with the GRECO recommendations has been strongest in those countries, mostly from Western Europe, that already had a basic set of rules and standards to control political financing (but also in countries like Denmark which has lacked a basic set of such rules).

[39] *Interim Compliance Report on Germany - Transparency of Party Funding*, adopted by GRECO at its 57th Plenary Meeting, Strasbourg, 15-19 October 2012.
[40] *Second Compliance Report on Cyprus - Transparency of Party Funding*, adopted by GRECO at its 67th Plenary Meeting, Strasbourg, 23-27 March 2015.

In France, political finance has been a highly charged issue. A substantial body of regulations (and according to the GRECO, a complex set of formal requirements) had been put in place since the 1990s when a large number of political scandals came to surface. Yet, the lack of political will to address the GRECO recommendations has been pronounced, despite the apparent existence of a consensus among actors such as parliamentary working groups (working on the issue of political financing) and the Constitutional Council, about the need to reform the system in response to the GRECO recommendations.[41] A highly complex set of formal requirements was often not observed in France (and it was perhaps difficult to observe due to insufficient clarity of rules). Yet, the GRECO claimed that existing regulatory standards should not be relaxed.[42] This may imply that a certain degree of what could be understood as 'regulatory fatigue' existed on the part of French domestic actors.

By contrast, the existence of sufficient political will and consensus among parliamentary parties in Austria and in Finland as to how to address the GRECO recommendations – both countries with low levels of regulation of private funding – resulted in substantial compliance with these recommendations. Besides introducing restrictions to private funding, they also bolstered disclosure requirements and transparency, and established independent and functional supervisory bodies to enforce the adopted rules.

Barriers to compliance with GRECO recommendations related to limited domestic political will and consensus can become even more pronounced in a federated or decentralised polity where there are multiple veto players and the likelihood for disagreement and differentiation increases. Federated or decentralised structures of state and government also act as impediments to the implementation of political financing regulatory standards more broadly. For example, in Belgium, efforts to reach an agreement among the different levels of government and their respective institutions, as well as among political parties and experts, on how to implement the GRECO recommendations were ongoing from 2011 onwards. However, there were no decisions reached and no concrete action taken.[43] A new draft bill in 2013, and a number of amendments introduced in January 2014 only went some way to responding to the GRECO recommendations.

In federal states like Belgium, the division of powers between the federation and regional-local entities that comprise it (region and communities) and the rules applicable at the federal, regional and sub-regional levels have given rise to a relatively complex system. There are numerous laws and regulations that are not always justified – several federal laws could be amalgamated – which increases the risk of divergences and gaps in their technical coverage. These risks are accentuated by the multiplicity of control commissions – each independent of the other – that are called on to apply and interpret the rules. Similarly, enforcement and oversight of existing rules is based on a fragmented system of federal bodies, regions and communities, which undermines its effectiveness. The case of Austria also shows the intricate implementation challenges posed by federated states, where regulation of political financing at the federal level can easily be circumvented by diverse rules

[41] The GRECO reports that only two political parties accepted to meet with it during its on-site visit. See *Evaluation Report on France - Transparency of Party Funding*, adopted by GRECO at its 41st Plenary Meeting, Strasbourg, 16-19 February 2009.
[42] *Evaluation Report on France - Transparency of Party Funding* (2009), parag. 132.
[43] *Interim Compliance Report on Belgium - Transparency of Party Funding,* Adopted by GRECO at its 55th Plenary Meeting, Strasbourg, 14-16 May 2012.

adopted by different regions. This is in and of itself a major challenge, because, without imposing on all the landers the same rules, an effective system of control is unlikely to be established. Such a system requires some form of coordination and uniformity across the different regions. In Germany's decentralised territorial system too, the keeping and recording of consolidated party accounts from the national to the local level emerged as a particularly formidable challenge.

The fragmentation and the resulting lack of clarity and coherence of rules and standards is not only a result of territorial decentralisation but also a consequence of political-legal engineering. For example, the multiplicity of rules, standards and legal texts defining the regulation of political financing in Bulgaria is noted by the GRECO as highly problematic, because it results in inconsistency. It is unclear what is prohibited and what is not. It is possible that the elaborate regulatory frame that our coding reveals in the case of Bulgaria may largely reflect this multiplicity of legal texts, in which most suspect kinds of contribution are at least once – in some law or provision – banned or limited. An elaborate regulatory frame, however, far from shows that an effective system of control is in place. Similarly, in Ireland, the fragmentation of political financing provisions across different laws and amendments, according to the GRECO, rendered it cumbersome for actors subject to obligations, but also for the public, to understand the applicable rules, impinging upon their proper implementation and effectiveness.[44]

Implementation is at the outset problematic when multiple and contradictory provisions and rules are in place, which are often the result of politically instrumental adoption of reforms and provisions. As the GRECO notes, in Bulgaria the way that the relevant legislation is drafted and prepared, under the main responsibility of the political parties themselves, has led to frequent changes of the relevant rules and provisions. For instance, the Local Elections Act was amended 24 times since its adoption in 1995 – often too late for these amendments to become fully applicable to the upcoming elections and for reasons of the ruling parties' own interests, as pointed out during the on-site discussions.[45] In 2014 the Bulgarian government amended reforms of the previous years introduced to comply with the GRECO recommendations, changing the composition of the supervisory body in political finance, and undermining these earlier attempts at strengthening its independence, which had already been approved by the GRECO.[46]

Besides territorial-political decentralization and the fragmentation of rules as a result of political-legal engineering, the difficulty of enforcing implementation of existing rules can be connected to a horizontal kind of fragmentation that is evidenced in the existence and often proliferation of third parties. 'Third parties' are individuals or organisations that commonly campaign on behalf of, but independently from political parties in the run up to elections, but they are not standing as political parties or candidates.[47] While they are directly or indirectly related to the sphere of activity of

[44] See *Evaluation Report on Ireland - Transparency of Party Funding*, adopted by GRECO at its 45th Plenary Meeting, Strasbourg, 30 November – 4 December 2009, para. 103.
[45] *Evaluation Report on Bulgaria - Transparency of party funding*, adopted by GRECO at its 48th Plenary Meeting, Strasbourg, 27 September – 1 October 2010, para. 125.
[46] *Second Compliance Report on Bulgaria -- Transparency of Party Funding*, adopted by GRECO at its 65th Plenary Meeting, Strasbourg, 6-10 October 2014, para. 57.
[47] Third parties can run local campaigns for or against one or more candidates in a particular constituency. They can also engage in general campaigns - non-party campaigns for or against a political party, or particular categories of candidates, including campaigns on policies or issues closely

political parties, they are generally considered to be separate entities, such as interest groups, associations and so on, which do not form part of political parties' structures, yet they come within their sphere of activity. They are for most part unregulated in Western Europe. All these bodies and entities should not be used as a parallel avenue for funding routine and campaign activities of political parties in circumvention of the applicable limits, restrictions and thresholds imposed upon the latter.

The issue of 'third parties' has been a particularly sticky point in the reform of the French system, but also in other west European countries with a set of regulatory rules and standards already in place. The need to recognise and extend regulation to third parties in the system of political financing was centrally highlighted by the GRECO in its recommendations, but it has been strongly opposed by French political parties, and by national authorities in other member states. The case of Austria also discloses the complex challenges posed by third parties and affiliated (with political parties) organisations, whose financial contributions to parties fall outside the scope of existing regulation.[48]

The tenacity of the issue of 'third parties' shows how political finance channels and practices are embedded in strongly rooted national structures and political traditions, which states are reluctant to reform in response to GRECO recommendations. This is also the case as regards political parties' local and regional branches. For example, the Dutch legal framework had not addressed accounting matters in relation to local and regional political party units; in fact, it was up to the political parties themselves to decide how such accounting would take place and if and how relevant financial information would be incorporated in political parties' financial reports. Admittedly, this had been a deliberate choice of the legislator, given that party organisations at local and regional levels were mainly run by volunteers. It was clear, however, that the funds provided to local and regional units could easily be passed on to the central party, which was not under an obligation to report on these. Crucially, the Netherlands did not widen the scope of the rules on donations to the local and regional structures of political parties, neither did it mandate political parties to include the accounts of local and regional units to their accounts, as recommended by the GRECO.[49] Generally, recommendations related to third parties and related party structures, especially how their financial flows should come under the regulatory scope of existing or reformed provisions, were widespread, and addressed to countries such as Ireland, Italy, Latvia, Lithuania, Malta, Romania, the Netherlands, Spain and Sweden, among others.

More broadly, the extent to which the different EU states regulate or conversely fail to regulate party and campaign financing may be linked to variable and strongly entrenched national conceptions and traditions of political parties. In distinguishing three waves of democratisation cum constitutionalisation in the post-war period - immediately after the war (Italy), post-independence (Malta, Cyprus), and in the 1970s (Greece, Portugal, Spain) - a comparative study of south Europe argues that these three differ in how intensively political parties are regulated (not only in financing, but also in other areas such as rights and freedoms, democratic

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associated with a particular party or category of candidates (for example, candidates in a certain age group).

[48] *Compliance report on Austria – Transparency of party funding*, adopted by GRECO at its 63rd Plenary Meeting, Strasbourg, 24-28 March 2014, para. 73.

[49] *Evaluation report on the Netherlands – Transparency of party funding*, adopted by GRECO at its 38th Plenary Meeting, Strasbourg, 9-13 June 2008, paras 83-84.

principles, electoral activity, etc. (van Biezen and Casal Bertoa, 2014: 73-74). State regulation both reflects and in turn reinforces particular conceptions of political parties. For example, it is far from accidental that Portugal has among the highest levels of regulation of political financing among the EU-28: the Portuguese constitution embodies a conception of political parties as public utilities (rather than as primarily private entities), which deserve special protection by the state (i.e. public funding) (van Biezen and Casal Bertoa, 2014: 77). Such a conception of political parties is closely linked to the view that favours state regulation and requires parties to adhere to high standards of integrity and good governance.

8. The nature and limits of European international monitoring over political financing

Is there a European model that the GRECO promotes? No single regulatory model can be identified as the 'right' regulatory model for a successful anti-corruption strategy regarding money in politics. Indeed, instead of advocating a 'one size fits all' regulatory approach, GRECO has favoured convergence with minimum standards, leaving implementation details to be decided by the member states. The principles and standards that are put forth by international organisations like the CoE are in fact fairly general as to maintain such flexibility. Minimum standards and flexibility are both the strength and the weakness in the GRECO's approach. They are the strength of its approach because it is able and willing to situate the general rules and standards of political financing (contained in the 2003 Recommendation) in each national context and consider its particularities. At the same time, a minimal standards approach is a weakness. Compliance in the form of adoption of regulatory rules that are in conformity with the CoE standards does not necessarily reduce, let alone eliminate, the risk of political corruption. Their effectiveness in this regard is thoroughly dependent on their proper implementation and enforcement. It also interlinked with a variety of other political factors having to do with strongly entrenched national structures and practices, such as the political parties' structure and organisation, the politicisation of the state administration, and public procurement practices, among others.

To be sure the emphasis of the GRECO monitoring has been variable in the different countries. Where there was already in place a basic or elaborate set of rules and regulations (i.e. as in Poland, France, Germany or the United Kingdom, among others), the GRECO's recommendations to the national authorities go beyond the content of the basic standards contained in Recommendation 2003 (4). They propose to national authorities to extend existing provisions to actors beyond political parties, or to ensure proper implementation of existing rules, among others. For example, in Poland the GRECO asked the national authorities to harmonise existing provisions contained across various laws and ordinances (which goes beyond Recommendation 2003 (4)) and to ensure more substantial and pro-active auditing and monitoring of political parties' financial reports.[50]

In other countries where a basic regulatory frame was already established, the GRECO dwelt upon a particularly national situation that was considered to entail a

[50] *Evaluation Report on Poland on Transparency of party funding*, adopted by GRECO at its 40th Plenary Meeting, Strasbourg, 1-5 December 2008, paras 78 and 86.

significant risk of corruption because it created loopholes to circumvent the law, as for example the relationship between political parties and third parties in France; the lack of regulation and transparency requirements for the financing of third parties such as political or local associations, and parliamentary groups, as in Germany and in the United Kingdom; or the proper reimbursement of loans received by political parties in Poland. In all these cases, the GRECO goes beyond the basic/minimum standards approach to scrutinise their implementation and the loopholes that exist in the national context. In doing so, it brings attention to the existence of practices in other sectors that also need to be tackled in order to control political funding. For example, the GRECO noted that in France, as elsewhere, malpractices in the public procurement sector are closely linked to methods of secret party funding, and expressed concern about the low reporting of relevant incidents in the public procurement sector.[51] In view of the fact that the legal arsenal of basic rules to regulate political financing is there in France, the GRECO goes beyond it to scrutinise how these rules operate, as well as to examine related sectors and practices, to which illicit political funding is connected.

In the end, it is clear to the GRECO how difficult it is to prevent illicit practices and undue influence in the area of political funding from private and corporate donors through the imposition of restrictions and bans. It is almost certain that restrictions in one sphere give rise to alternative practices and channels of funding that bypass existing restrictions – in countries where cash donations are allowed even in small amounts (they may even be unlimited, as in Estonia), where there is a substantial informal economy and tax evasion, where bans, i.e. to anonymous donations apply – as in most countries – above certain limits, and where there exist a variety of other sources and channels of political funding that are for the most part unregulated (i.e. sponsorship, gifts, fund-raising events, income from commercial activities of political parties when allowed, membership fees, and contributions from third parties).[52] In view of how difficult it is to disentangle the complex array of national sources of funding, the strong interests that have stakes in this and are likely to oppose reform, and the difficulty of bringing uniformity in highly diverse and strongly entrenched rules and practices, it is not surprising that instead, the main standards that the GRECO most actively promotes are related to public disclosure, transparency and enforcement (Walecki, 2007: 77). These come closer to a universal standard of good governance more broadly and therefore it is difficult to justify opposition to these in a democratic system.

9. Further implications of findings

[51] As it is stated in the Evaluation report, the evaluation team 'is well aware that the questions referred to above do not (any longer) really fall within the scope of the 3rd evaluation round; nonetheless the French authorities might wish to look again at these issues… [in order] … to be in a better position to detect any secret party funding resulting from any malpractice in the award of public contracts" (para. 121). See *Evaluation Report on France - Transparency of Party Funding*, adopted by GRECO at its 41st Plenary Meeting, Strasbourg, 16-19 February 2009.

[52] For example, as the GRECO mentions in its Evaluation Report on Germany, the splitting of donations is the most traditional way under any legislation to circumvent the rules on transparency. See *Evaluation Report on Germany on Transparency of Party Funding*, adopted by GRECO at its 45th Plenary Meeting, Strasbourg, 30 November - 4 December 2009, para. 103.

This study contributes to two kinds of debates that have been ongoing. The first debate is connected to an area of research in international law, international relations and comparative politics that explores the impact of international norms and their monitoring by regional/international organisations on domestic law and politics: to what extent is such an impact evidenced? And what are the factors that account for states' variable compliance with, and implementation of international legal standards and norms? These questions are of a substantial academic interest, but they also have policy implications. We have only been able to make some empirical observations, and engage in a speculative discussion about such factors at this stage of the research (section 7 above).

Our empirical observations clearly point to the need to explore further mediating factors and variables related to domestic politics, such as cross-party consensus, state and territorial structures, as well as party organisation at the national level, in order to explain why state governments were more or less willing to respond to the GRECO recommendations at the time that they did, and to comply and implement them through legislative reform. The fact that former communist states from Central-East and Southeast Europe (CESE) tend to have significantly higher levels of party finance regulations is probably closely linked to the fact that they underwent relatively recently a process of democratisation followed by the accession process in the EU. In this latter process, they were required to implement a large amount of legislative reforms in order to bring their domestic legal systems and institutions in line with the EU law and policy. In the course of accession, reforms aimed at the fight against corruption featured prominently.

Attempts on the international and supranational levels to fight political corruption arguably prompted increased domestic attention in the funding of political parties, not only in CESE states, but across all EU member states. They did so by promoting a salient discourse around political corruption both among political party elites and the public at large (Koß, 2010: 208). As it is already noted, it would be interesting to investigate whether and how later reforms of party funding (in the 2000s) are facilitated by an internationally sparked discourse on political corruption in a wide range of countries. Even though domestic causes of political finance reform have increasingly been explored in comparative studies (Scarrow, 2004), how international law and international monitoring intersects with domestic factors has not received any attention. In the next phase of our research, we plan to take a systematic comparative approach to interpreting our quantitative data, as well as to engage in qualitative comparisons of state compliance with European anti-corruption norms in political financing across country cases.

The second kind of discussion, to which this study contributes, is the policy-relevant debate around the effectiveness of legal regulation of political financing: does legal regulation contribute to reducing levels of political corruption? Recent studies have expressed concern about, and challenged the conventional wisdom on political funding regulation. The provision of public funding, restrictions on private funding and stricter supervision and control of party finances have traditionally been seen as beneficial in dismantling illicit finance practices in politics (de Sousa, 2001; Nassmacher, 2001).

A significant number of studies in the past couple of years though argue that increased regulation of party financing is not related to lower levels of public perception of political parties as corrupt. In fact, the introduction of caps on private

donations that parties can receive, and of a more restrictive regime of political finance overall, seem to be related to the propensity of party organisations to exploit illegal funding sources (Casal Bértoa et al., 2014: 368). A study conducted by IDEA concluded that there is no obvious link between perceived corruption (using the Transparency International Corruption Perception Index, CPI) and the number of political finance regulations. The same study also acknowledged that the number of political finance regulations put in place bore no necessary relationship to the effectiveness of control and oversight (Ohman, 2014). Yet, exploring the effectiveness of legal regulation of party and campaign financing by relating it to public perceptions of corruption is problematic, as already noted, because it is thoroughly uncertain as to what comes first: public perceptions of corruption tend to lead to reforms for greater control and regulation of political financing, so the direction of causality may very well be inverse here (the so-called 'chicken and egg problem'). Besides, public perceptions of political corruption cannot be equated with the actual occurrence of political corruption. Public perceptions that corruption is high are not always an accurate indicator of what is happening in reality, as they may be influenced by diffused populism, media coverage, and high profile political scandals.

Despite a wealth of data and research over the past fifteen years, it is not possible to conclude on behalf of more regulation, at least for states that already have in place a low to medium level of rules and limits in regard to private funding, reporting and disclosure, as well as supervisory bodies and enforcement. Limited or less regulation can go hand in hand with low levels of corruption in party and campaign financing (i.e. Sweden) while substantial or high levels of regulation may exist in countries that remain highly vulnerable to the risk of corruption in political funding (i.e. Romania, Croatia, Bulgaria) (Krishnan, 2014: 21). It is equally difficult to find any one country or group of countries that can serve as a regulatory model for others to emulate. Our findings suggest that while a certain degree of regulation is necessary, at the same time, we ought to be skeptical about the effectiveness of an excessive and elaborate set of rules and restrictions in the area of political financing.

We do not think that the existence of a basic regulatory frame that is fully in line with CoE norms is necessarily effective to curb political corruption practices. Yet, it would be more than premature to altogether dismiss regulation, stricter disclosure and reporting requirements, as well as limitations on private funding, as ineffective and irrelevant. It should not prompt us to fall back on the view that financial mismanagement, illicit practices and undue political influence by powerful donors, among others, will be controlled or dismantled through voluntary action by political parties and campaigners alone. Quality of legislation, political will, public opinion and civil society vigilance, as well as active supervision and enforcement all matter. As it is rightly noted:

> '… [T]he relationship between political finance regulation and political corruption is complex, and very much depends on the quality of regulation itself; it is difficult to establish causal relationships between the two… If not adequately drafted, political finance rules may have the opposite effect: instead of preventing corrupt practices, they may motivate political actors to circumvent the rules or become more sophisticated in concealing illicit donations, thereby undermining the democratic values and principles behind political finance regulation' (Piccio, 2014: 209).

Apart from the need to gain a more in-depth and nuanced understanding of how political finance mismanagement, as a specific kind/area of corruption, works, it is also necessary to understand better how international law and norms are more likely to restrain dominant political actors from engaging in illicit funding practices; or conversely, under what conditions international law and norms are manipulated by domestic political actors in order to reinforce illicit funding practices and undermine accountability and legitimacy.

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ANNEX I: Assessment Questionnaire

COUNTRY	CODING			
1	**SOURCES OF INCOME**			
1.1	**State contributions**			
1.1.1	Are there provisions for direct public funding to political parties?			
	Yes, there are provisions for regularly provided funding both to political parties and to campaigns (2)			
	Yes, there are provisions for regularly provided funding either to political parties or to campaigns (1)			
	No, there are no rules for direct public funding to PPs or to campaigns (0)			
1.1.2	Are there provisions for free or subsidized access to media for political parties?			
	Yes (1)			
	No (0)			
1.1.3	Are there provisions for free or subsidized access to media for candidates?			
	Yes (1)			
	No (0)			
1.1.4	Are there provisions for any other form of indirect public funding?			
	Yes, for at least 3 kinds (2)			
	Yes, for up to 2 kinds (1)			
	No (0)			
	Subtotal			
1,2	**Bans and limits on private contributions**			
1.2.1	Is there a ban on donations from foreign interests to political parties?			
	Yes (2)			
	Yes, but it's not absolute (1)			
	No (0)			
1.2.2	Is there a ban on donations from foreign interests to candidates?			
	Yes (2)			
	Yes, but it's not absolute (1)			
	No (0)			
1.2.3	1.2.3 Is there a ban on corporate donations to political parties?			
	Yes, there is a ban (2)			
	There is no absolute ban but there are limits (1)			
	No, there is no ban or limits (0)			
1.2.4	Is there a ban on corporate donations to candidates?			
	Yes, there is a ban (2)			

	There is no absolute ban but there are limits (1)			
	No, there is no ban or limits (0)			
1.2.5	Is there a ban on donations from corporations with government contracts or partial government ownership to political parties?			
	Yes (1)			
	No (0)			
1.2.6	Is there a ban on donations from corporations with government contracts or partial government ownership to candidates?			
	Yes (1)			
	No (0)			
1.2.7	Is there a ban on anonymous donations to political parties?			
	Yes (2)			
	No, there is no ban, but specific limit is set; OR yes there is a ban, but there is another kind of anonymous contribution that is allowed (1)			
	No (0)			
1.2.8	Is there a ban on anonymous donations to candidates?			
	Yes (2)			
	No, but specific limit is set (1) ; OR yes there is a ban, but there is another kind of anonymous contribution that is allowed			
	No (0)			
1.2.9	Is there a ban on any other form of donation?			
	Yes (1)			
	No (0)			
1.2.10	Is there a limit on the amount a donor can contribute to a political party over a time period (not election specific)?			
	Yes (1)			
	No (0)			
1.2.11	Is there a limit on the amount a donor can contribute to a political party in relation to an election?			
	Yes (1)			
	No (0)			
1.2.12	Is there a limit on the amount a donor can contribute to a candidate?			
	Yes (1)			
	No (0)			
1.2.13	Are political parties' affiliated entities allowed to make donations to PPs, candidates or election campaigns?			
	Yes (0)			
	Yes, but within certain limits (1)			
	No (2)			

1.2.14	Are there different rules on donations for different kinds of elections?			
	Yes (0)			
	No (1)			
	Subtotal			
1.3	**REGULATIONS ON SPENDING**			
1.3.1	Are there limits on the amount a political party can spend in an election campaign?			
	Yes (1)			
	No (0)			
1.3.2	Are there limits on the amount a candidate can spend?			
	Yes (1)			
	No (0)			
	Subtotal			
2	**POLITICAL FINANCING ACCOUNTS, AUDITS AND TRANSPARENCY**			
2.1	Do political parties have to regularly report on their finances?			
	Yes, more than once per year (2)			
	Yes, annually or less frequently (1)			
	No (0)			
2.2	Do political parties have to report on their finances in relation to election campaigns?			
	Yes (2)			
	Yes, partly (1)			
	No (0)			
2.3	Do candidates have to report on their campaign finances?			
	Yes (2)			
	Yes, partly (1)			
	No (0)			
2.4	Is information in reports from political parties and/or candidates to be made public?			
	Yes (2)			
	Yes/No, but some information (1)			
	No (0)			
2.5	Must reports from political parties and/or candidates reveal the identity of donors?			
	Yes (2)			
	Yes, sometimes (1)			
	No (0)			

2.6	Are political parties under duty to keep proper books and accounts?			
	Yes (1)			
	No (0)			
2.7	Are political parties' accounts subject to mandatory audit in accordance with standards of independence and professionalism?			
	Yes (2),			
	Yes, but only partly (1)			
	No (0)			
2.8	Are loans to PPs and candidates to be recorded and reported?			
	Yes (1)			
	No (0)			
2.9	Are political parties under duty to keep consolidated accounts, so as to include local branches, as well as other entities related directly or indirectly to political parties or under their control?			
	Yes (1)			
	No (0)			
2.10	Do third parties such as campaign groups and affilitated with PPs bodies, such as institutes, have to report on their contributions to PPs and candidates?			
	Yes (2)			
	Yes, but only partly (1)			
	No (0)			
2.11	Do in-kind donations need to be properly identified and declared?			
	Yes (2)			
	Yes, but only partly (1)			
	No (0)			
	Subtotal			
3	**SUPERVISORY BODIES**			
3.1	Is there a specific body entrusted with supervising and monitoring political parties' finances and/or campaign expenditure?			
	Yes (1)			
	No (0)			
3.2	Does the domestic legal framework guarantee the independence of the supervisory body from the executive and/or parliament?			
	Yes (2)			
	Partly yes (1)			
	No (0)			

3.3	Do other institutions independent from goverment (courts, independent agencies, police) actively engage in investigating cases and in enforcing sanctions in political financing?			
	Yes (2)			
	Yes, but only sometimes/not all of them (1)			
	No (0)			
3.4	Does the supervisory body substantively (and not only formally) review and effectively investigate the accuracy of the financial information submitted to it by PPs?			
	Yes (1)			
	No (0)			
3.5	Does the law specify that the supervisory body need to report and publish its decisions?			
	Yes (1)			
	No (0)			
3.6	Is the supervisory body enjoying actual independence (in practice)?			
	Yes (1)			
	No (0)			
3.7	Is the supervisory body endowed with sufficient resources to fulfil its tasks and duties?			
	Yes (1)			
	No (0)			
3.8	Is the supervisory body designated with sufficient powers to fulfill its tasks?			
	Yes (1)			
	No (0)			
	Subtotal			
4	**SANCTIONS**			
4.1	Are dissuasive and effective sanctions provided for violations of domestic regulations on the finances of political parties and/or candidates?			
	Yes (2)			
	Yes partly (1)			
	No (0)			
4.2	How comprehensive are the sanctions provided for? Check which kind of sanctions are provided for:			
	Fines, loss of public funding or forfeiture (0.5)			
	Deregistration of PPs, loss of political rights, or loss of nomination of candidate (0.5)			
	Prison, loss of elected offices, or suspension of PPs (0.5)			
	Other (0.5)			
4.3	Are they regularly applied in practice in regard to political parties, candidates and election campaigns?			

	Yes regularly (2)			
	Yes sometimes (1)			
	No never (0)			
	Subtotal			
TOTAL				